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RED FLAG

No. 13, 1 July 1985



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Translation of the semimonthly theoretical journal of the Central Committee of the Communist Party of China published in Beijing.

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STRENGTHEN OVERALL VIEWPOINT, CONTROL INVESTMENT SCALE

Beijing RED FLAG in Chinese No 13, 1 Jul 85 p 2

["Forum"]

[Text] That the scale of investment in fixed assets should conform to national strength is an important historical experience in the socialist construction. Since 1979, the CPC Central Committee has repeatedly explained the reason. But when the economic situation improves, some comrades often forget this historical experience. At present, the problems of the investment in fixed assets increasing too fast and the scale of capital construction being too big must be solved immediately.

In 1984, 73.5 billion yuan was invested in capital construction in the units owned by the whole people, which was a 23.8 percent increase compared with that of the previous year and also greatly exceeded the 12 percent increase rate in national income in the corresponding period. From January to May this year, 21.1 billion yuan was invested in capital construction, a 38 percent increase compared with that in last year's corresponding period. Self-raised investment and the investment of bank loans increased particularly fast. Since last year, the characteristic of the excessive increase of the investment in fixed assets has been: The excessive increase of the investment in fixed assets has coincided with the excessive increase of consumer funds. Owing to the simultaneous increase of accumulation and consumption, the national income has been excessively distributed and the overall social demand has exceeded the overall social supply. The continuation of such a situation will cause a serious imbalance in finance, credit, the revenue and expenditure of foreign exchange and the supply and demand of goods and materials and will cause an imbalance in the proportions of the national economy.

First, if the increase in investment in fixed assets continues, the excessive increase rate in the industrial production, especially the heavy industrial production, cannot be slowed down. The excessive increase in production and capital construction will inevitably cause a shortage of raw materials and equipment and intensify the tension in energy supply and transport, especially in electricity supply and railway transport. Second, the excessive need for means of production will certainly cause a rise in prices. Some expensive products of poor quality and even some backward

equipment which is already obsolete can now find a sale. The phenomenon of "an emperor's daughter having no difficulties in finding a husband" has again emerged. The pressures and motive forces which impel the enterprises to improve the products' quality and accelerate the renewal of products have been reduced, which will inevitably hinder the development of technologies and the increase of the social economic results. Third, the increase in the scale of capital construction and the lack of financial and material resources will inevitably slow down the construction speed, increase the construction cost and prevent the enterprises from going into operation on schedule so that the enterprises will not be able to achieve economic results on schedule. The short supply of goods and materials will cause projects not included in the plan to displace planned projects and cause ordinary construction projects to displace major construction projects so that the goods and materials needed by major construction projects cannot be guaranteed. Fourth, the investment in fixed assets is an important factor affecting credit expansion and currency circulation. To fail to control investment scale will continue to cause credit expansion, excessive currency circulation, and a rise in prices. All these factors are detrimental to the creation of a good environment for the reform of the economic structure and to the stable development of our national economy.

So, from now on, the various areas and various departments should resolutely carry out the relevant instructions and regulations of the State Council and take practical measures to control the scale of this year's investment in fixed assets. Stress should be put on the reduction of those projects not included in the plan. The various areas and various departments should concentrate on the planned projects by readjusting the inappropriate arrangement of the funds, materials and other construction equipment needed for the construction of the planned projects.

In order to handle matters concerning the overall situation well, on the one hand, we should not "sever at one blow," but should consider the actual situations and deal with different cases in different ways; on the other hand, we should take action to check the continued increase of investment. The comrades in various areas and various departments must seek unity of thinking, strengthen the overall viewpoint, and heighten the sense of discipline. In the reform of the economic structure, we should loosen our control over those things which do not need to be controlled rigidly and should control those things which must be controlled. Generally speaking, we still need to strengthen our macroscopic control. In order to properly deal with the relations between microscopic economy and macroscopic economy and especially to make the scale of the investment in fixed assets conform to the national strength, we must stick to the principle that the part must be subordinated to the whole. We should not think that the central authorities and the State Council alone are responsible for the overall situation. Each part should show concern for the whole. When thinking about certain questions and doing certain things, we should consider the overall situation of the national economy and subordinate our partial and local interests to those of the whole country. Only by doing things in this way can the overall economic construction be carried out smoothly and can every part of our national economy continue to develop healthily.

COMMUNIST PARTY MEMBERS SHOULD CONSCIOUSLY STRENGTHEN THEIR PARTY SPIRIT IN THE COURSE OF REFORM

Beijing RED FLAG in Chinese No 13, 1 Jul 85 pp 3-6

[Article by Yu Qiuli--passages within slantlines published in boldface]

[Text] We are observing our party's glorious festival at a time when China's political and economic situation is excellent, with all kinds of reform healthily developing. The party's 64-year fighting course has proved that communists leading the masses to implement the party's line, principles, and policies by their staunch party spirit and exemplary actions is an important guarantee for the victory of the cause of revolution and construction. At present, we are in the midst of the current of reform. The conscious enhancement of party spirit by communists is extremely important to strengthening the party's construction and the fulfillment of the party's general tasks and target.

Reform is an undertaking which is complicated and arduous, exploratory and path-breaking, and it is a profound revolution as well. The current revolution involves all fields of production relations and the superstructure, and will bring about a series of important changes in ideology, work, and life. Under this new situation, communists must possess bold vision and great will-power for revolution, dispel interference and resistance, and carry the reform through to the end. They must possess the spirit of daring to make progress and daring to break new paths. They must have a strong sense of responsibility for the party and people, using fewer empty words, but doing more practical work. They must possess the ideological qualities of being loyal to their posts, being honest in performing their official duties, and planning for the interests of the people in everything. All these are new and higher requirements on the party spirit of Communist Party members. And those ideas and views that the requirements on party spirit can be lowered in the course of reform are wrong.

Through our personal contacts and understanding, we find the majority of our contingent of party members is fine. In the course of party rectification, the majority of our party members have further strengthened their party spirit. However, we should also see that some party members have ideologically failed to keep abreast with the new situation of reform, because they have long been affected by "leftist" influences and the bondage of conventional

ideas and force of habit. Some party members have been affected by the bad influences of the "Great Cultural Revolution" and undermined by decadent bourgeois and feudal ideas. They have so far failed to overcome their individualism, liberalism, anarchism, and factionalism. The emergence of new unhealthy tendencies is a conspicuous expression of those erroneous ideas. Besides, we should see that in recent years, the proportion of new party members has been rather great. Some of them lack strict training in inner-party life, and they are comparatively weak in the concept of party spirit. Some party members of a comparatively long standing have undergone some changes. Those who were once qualified have become less so at present. These conditions do not conform to the new situation of reform confronting us and also explain the necessity of, and the press for, strengthening party spirit at present.

Based on the new situation and the actual conditions inside the party, the CPC Central Committee has proposed making correcting new unhealthy tendencies, strengthening party spirit, consolidating discipline, and ensuring and promoting reform the focus of the current party rectification. Following the instructions of the CPC Central Committee, the army is universally carrying out education in party spirit among its party members, which will create good conditions for the army's structural reform, streamlining, and reorganization. At the expanded session of the Military Commission called recently, the implementation of the important strategic decision of the CPC Central Committee and the Central Military Commission on the army's structural reform, streamlining, and reorganization was discussed. The session was most successful and the leading cadres are ideologically united. A most important reason is that party spirit has been strengthened in the course of the current party rectification. Reviewing the education in party spirit in the previous stage, we find it necessary to focus on the following questions regarding strengthening party spirit in the course of reform.

/It is imperative to subordinate everything to the general interest./ Comrade Deng Xiaoping has recently pointed out once again: "We must concentrate our efforts on economic construction to build China into a socialist, modernized power. This is in the general interest. It is imperative to emphasize subordination of everything to the general interest." The general interest in question represents the basic interest of the people of all nationalities throughout China and the realistic objective of the magnificent ideal of communism for today. In order to serve the people heart and soul and to dedicate their whole lives to the struggle for the realization of communism, communists must act in accordance with the general interest. There are different requirements for subordination to the general interest in different historical periods. In the war years, its focus was doing everything for the front to win final victory in the war. Today, the focus should be standing at the forefront of reform to strive for the prosperity of the country and people in one heart and mind. A party member with staunch party spirit must see and handle affairs from the vantage point of the general interest at all times under whatever circumstances. Deviation from the general interest means losing one's direction. Some undertakings are feasible from the view of partial interests but not from the view of the general interest; we must refrain from doing them. Others seem to be

unfeasible from the view of partial interests, but must be carried out from the view of the general interest; we must try our best to do a good job of them. Only when the ideology of the whole party is unified on the basis of the general interest, will it be possible to achieve harmony in our advance. Regarding reform, only when the concept of subordinating to the general interest is established, will the reform in all fields have a correct orientation and a good job be done in it. The army's structural reform, streamlining, and reorganization are to subordinate it to the needs of the general interest of national construction. Our defense construction must be based on economic construction. It is impossible to realize the modernization of national defense if economic construction fails to come up. Therefore, it is primarily necessary to take into consideration the national economic construction needs in order to do a good job in building the peacetime army.

/Conscientiously carry out party policies./ The guidance of the party and government in reform is realized by means of a series of policies. Whether the policies can be implemented will have a direct bearing on the success of reform. A very important criterion for judging the party spirit of a party member is to see whether he is able to conscientiously carry out the policies of the party and government. Because of their limited ideological understanding, some comrades will undergo a process in understanding the policies of the party and government. We should make allowances for it; however, their actions should not violate the policies. A communist should strengthen his study and continuously deepen his understanding of the policies of the party and government, and consciously keep as one with the CPC Central Committee. Because reform is a brand-new undertaking, some policies of the party and government may not be complete and perfect in some respects when they are first proposed and need be substantiated and developed in practice, which is normal and in conformity with the law that governs the development of things. There are two different attitudes regarding this. One attitude is to correctly understand the basic spirit of the policies, to implement them creatively, and to continuously make them complete and perfect in practice. If the demarcation line of some specific policy is not explicit enough, they should conscientiously adhere to the principle of party spirit and determine what they should do and what they should not do, starting from the major prerequisite of whether it is favorable to developing social productive forces, and the prosperity of the country and people. The other attitude is to take advantage of some aspects of the policies which are not complete nor perfect enough, availing oneself of loopholes in the reform, seeking private gain for oneself or some small groups, and not hesitating to do injury to the interests of the country and people. Communists must adopt the former attitude and oppose the latter. We should also see that in such a complicated and arduous reform, mistakes are liable to take place in some of our specific work. Our party's attitude toward reform is resolute but meticulous, to be sure that every step is on solid ground, and to solve problems promptly when they crop up. This is a Marxist attitude which is serious and truth-seeking. We should not doubt and even refuse to implement the policies of the party and state, because some problems have cropped up in our specific work.

/Personal interests must be subordinated to the interests of the party and people./ The party's interests and the interests of the people are one. The

party has no particular interests of its own apart from the interests of the people. Fundamentally speaking, the personal interests of party members are subsumed within, and are identical with the interests of the party and people. But in some specific questions, they might be contradictory. If this should happen, party members must subordinate their personal interests to the party's interests. Whether this can be achieved is the most practical test for the party spirit of a Communist Party member. At present, we should pay attention to handling two questions well. One is the correct handling of personal material interests. To continuously improve the people's standards of their material and cultural life is the requirement for reform as well as its purpose. The material interests of the people naturally include those of party members. However, communists should acquire a correct attitude toward personal material interests. For example, the party's advocacy that some people should get rich first starts from China's actual conditions, and is the inevitable road leading to the common prosperity of the people of the whole country. Communists can certainly get rich through their own diligence. However, as party members, they should often consider helping the people of their own units and localities to become rich. Those party members working in party and government organs and the army should all the more support and help the masses to get rich first; they should "worry before the whole world worries, and enjoy comforts only after the whole world has enjoyed comforts." Otherwise, if they should "look forward to money in everything," and seek personal gain unscrupulously, they would be divorced from the masses, and even interfere with the reform. When we talk of personal material interests, it is still necessary for us to start from the present material conditions. If we disregard the developing level of production, without consideration for the state's financial and material resources, and ask too much for our treatment in life, we will be disappointed. If we manage to do it with an effort, we are likely to injure the basic interests of the state and people. The other question is the correct handling of the relationship between position and power. We are now in a period in which the replacement of cadres is being carried out. Both old and new cadres will face this question. Position and power are the responsibility for serving the people assigned to cadres who are party members by the party and people, and not the means for the individual to seek personal gain. With this understanding, it is possible for us to correctly understand the important significance of implementing the principle of cadres being revolutionary, younger in average age, better educated, and professionally more competent, and changing the life tenure of cadres. And the promotion, work transfer, and retirement of the individual will be correctly handled. Many old cadres have long worked diligently and conscientiously for the party, in disregard of their personal fame and interests. Now they put the party's cause above all else. They have retired happily and become "enlightened personages," while enthusiastically supporting younger cadres in taking up leading posts. Many young cadres have set strict requirements on themselves after taking leading posts. They have continuously improved their ideological level and work ability, and worked hard to create a new situation in their work. Their exemplary actions have set an example for correctly handling the relationship between position and power. If a communist should fail to obey with pleasure the work assignment of the organization, and even abuses his power to seek "gain" for himself

and his friends and relatives, this would not be a correct attitude to the relationship between power and position, but an expression of impurity in party spirit.

/Uphold party principles in everything we do./ Whether things are done according to "human feelings" and "connections" or based on party principles is another test for the strength of one's party spirit. In economic work, we should observe the principle of commodity exchange of equal value, and handle business according to the law that governs the economy. However, we should by no means let the principle of commodity exchange invade the party's political life, taking the place of party principles and socialist comradeship. Although people have different positions and professional titles, they are all working for the common objective of building socialism and invigorating the Chinese nation. Inside the party, party principles are above all else, and communists should never barter away party principles and go in for the practice of establishing connections. Now a bad atmosphere exists. Things are done relying not on the organization but on "connections." Party principles are discarded and "human feelings" are stressed. For some personal interests or the interests of some small groups, some people are making use of, and even colluding with each other, knitting themselves into a most complicated "network of connections." In this "network of connections," everything can be done easily, while evil-doing also goes unchecked. Work is very, very difficult to get done without some "connections," even in those pressing tasks. Human relationships have become sheer monetary relationship, something between gains and losses, which has nothing in common with the nature of our party, nor with the nature of our socialist society. It is extremely corrosive to party organization. Every party member should consciously resist and resolutely oppose such a corruptive style.

/Strictly observe party discipline./ In the course of reform, it is necessary to emancipate the mind and to invigorate the economy. However, we should by no means loosen the "ties" of party principles and party discipline. If discipline has become relaxed, with each going his own way, it will be impossible to carry out the reform smoothly. Observing discipline primarily means observing political discipline. The principles and policies determined by the CPC Central Committee and the various laws drawn up by the state must be resolutely implemented. We should refrain from the practice of implementing those policies and laws to our liking and refusing to implement those otherwise; by no means should we feign compliance, doing things in our own way. Every communist must observe the principle that the individual must subordinate himself to the organization. So long as we possess a strong sense of organization and discipline, and obey the party's work assignments and transfers under whatever conditions, it will be possible to form ourselves into a powerful combat collective and to maintain the party's combat effectiveness in fulfilling all kinds of complicated and arduous tasks. We used to have a fine tradition during wartime; out of the needs of our work, sometimes, cadres were transferred from the army to work in the localities, or vice versa; at times, they were demoted. At that time, no matter how the transfer was made, one would shoulder his knapsack and leave for the new post at the order. This fine tradition should be carried forward. But of course, the party organizations should take into consideration bringing

forward the specialties and the actual difficulties of party members in their work arrangements and transfers. The individual party member can make suggestions on the organizational work arrangements and transfers, but once an organizational decision is made, he should resolutely obey it. Communists should not only be models in observing party discipline themselves, but should by no means adopt a liberal attitude, such as letting things drift or turning a blind eye to phenomena violating or sabotaging party discipline.

/Fundamentally speaking, to correctly handle the above-mentioned questions, it is necessary to establish the concept of serving the people heart and soul./ Our party is the true representative of the people of all nationalities of the whole country. The speeches and actions of every communist must conform to the interest of the people. He should resolutely do anything favorable to the people. He should not only refrain from doing anything harmful to the people, but resolutely resist and oppose such practices. At any time, a communist must be responsible to the people, which is identical with being responsible to the party. By no means should he pay attention only to his superiors, without paying attention to the grassroots units and the masses. We should always bear in mind that serving the people wholeheartedly is the basic purpose of our party, and the focus and the supreme principle of the party spirit.

The genuine fulfillment of serving the people heart and soul involves a spirit of self-sacrifice. Comrade Hu Yaobang has pointed out: "To communists, the most important point in serving the people is the indispensable spirit of dedicating their whole life to the struggle for communism and sacrificing themselves willingly for the interests of the people." The self-sacrificing spirit is a fine tradition of our party and army. In order to seize victory for the Chinese revolution, numerous communists were always in the forefront, and were the last to retreat; they fought heroically, shed blood, and sacrificed their lives. Today, it is still necessary for us to bring forward the revolutionary spirit of "fearing neither hardship nor death." During the period of socialist construction, we are required to defend the security of our motherland, to maintain social order, to overcome natural calamities, and to complete arduous and dangerous work. All this involves possible bloodshed and sacrifice. In modernization, the self-sacrificing spirit often finds constant and vast expression in being the first to bear hardships and the last to enjoy comforts, not caring for personal fame and interests in the spirit of devoting oneself to the revolutionary cause, and fearing no difficulties and daring to break new paths in reform. For example, the work conditions of each of our posts differ, so do the standards of living in various localities, if we would only work at those posts where conditions are good, then who would work at those where conditions are poor? If everyone would go only to big cities and economically developed regions, then, how are we to develop and build the border regions and change the features there? Communists and all advanced people should be happy to go to places where conditions are poor and to do arduous work. This involves self-sacrifice, and is precisely where the glories of communists and advanced people lie.

Now we often hear talks on the so-called "getting the worst of it." Some people just love to compare themselves with others, and always believe themselves suffering losses, complaining much about their own trades. However, if these people compare themselves with the revolutionary martyrs, the comrades who sacrificed themselves or were wounded at the front, and those unknown heroes who have made contributions at ordinary posts, all "talk about getting the worst of things" is groundless. Even if one did suffer some loss, that was a contribution to the state and people, and worth it. A communist should dedicate all he has to the party's cause from the very first day he joins the party, and he should be ready at all times to get the worst of it for the interests of the people. If he should think of gaining extra advantages in everything all the time, he is basically not up to the standards of a communist, and he has tainted the title of communist.

The spirit of self-sacrifice is the ideological basis for us to do a good job in all our work. With this spirit, we can fear no hardships or danger, work hard for the prosperity of the country, and break new paths making progress. We can score excellent achievements in our work by placing high standards on ourselves, strict requirements, and constantly improving ourselves. And we can work selflessly, and give our all until our hearts stop beating. It is also necessary to see that when a person sacrifices for the revolution and construction, his spirit will inspire more people to dedicate themselves to our cause. In the counterattack in self-defense against Vietnam, many new heroes emerged like Huang Jiguang, Chiu Shaoyun, and Luo Guangxie. This has demonstrated that the glorious images of the numerous heroes in the history of our army still live in the hearts of our commanders and fighters, and have become examples for everyone to learn from. At the same time, it has demonstrated that the spirit of self-sacrifice, an excellent tradition of our party and army has been passed on from one generation to the next, and has been brought forward. Its value cannot be weighed in terms of money. It is a valuable spiritual wealth, and will inspire and stimulate the people in the whole course of socialist construction. It will exert far-reaching influences on elevating the spiritual qualities of the Chinese nation.

Of course, when we focus on bringing forward the spirit of self-sacrifice, by no means are we going in for "leftist" practices. We should do our best to avoid unnecessary sacrifice, and resolutely oppose those actions which pay no attention to science, being irresponsible toward the lives and safety of the people. Advocating sacrificing personal interests for revolutionary ones does not mean to negate the former. The organization should protect appropriate personal interests, and where possible, help solve their practical difficulties which should be solved.

Strengthening party spirit in the course of reform requires the joint efforts of all comrades in the party; in particular, leading cadres at all levels in the party should play an exemplary role. Our party's line, principles, and policies are entirely correct. So long as leading cadres at all levels play an exemplary role, and the 40 million party members consciously strengthen their party spirit, the combat effectiveness of our party will be greatly improved, and the people of the whole country will rally all the more closely around the party and strive for the fulfillment of the party's general tasks and target in the new historical period.

**BEING CONCERNED WITH ACTUAL PRACTICE AND BLAZING NEW TRAILS--SOME UNDERSTANDING
GAINED FROM THE STUDY OF COMRADE CHEN YUN'S ECONOMIC AND FINANCIAL THOUGHT**

Beijing RED FLAG in Chinese No 13, 1 Jul 85 pp 7-10

[Article by Zuo Chuntai [1563 2504 0669]]

[Text] Conscientiously reading and studying Comrade Chen Yun's works on economics and finance will enable us not only to realize the arduous process of pioneering the great cause of the socialist economy, but also to profoundly understand Comrade Chen Yun's guiding thought and work methods for economic and financial work. Persisting in such study is of great significance to profoundly understanding the "Decision of the CPC Central Committee on Reform of the Economic Structure" and a series of important policy decisions implemented since the 3d Plenary Session of the 11th CPC Central Committee, and building socialism with Chinese characteristics.

While studying Marxism-Leninism, we should study its stand, viewpoints, and methods, rather than reciting certain decisions made in light of the conditions of a certain period of time. We should also do this in studying Comrade Chen Yun's works. Seeking truth from facts is the core of Comrade Chen Yun's guiding thought for leading our country's economic and financial work. According to my understanding, his guiding thought has two implications: 1) Being concerned with actual practice; 2) blazing new trails. Combining them and following our own path is the fundamental characteristic of Comrade Chen Yun's economic and financial thought.

Being Concerned With Actual Practice

Fully based on facts, Comrade Chen Yun uses in his works terse language to expound complicated and important financial problems. The reason he can do so is that when he wants to talk about a certain subject, he does his best to carry out an in-depth study and investigation and think about it carefully. Under the guidance of the basic principles of Marxism, he shoots the arrow at the target. In a word, he proceeds in everything from the actual conditions.

There is no doubt that a number of the policies and measures adopted during the 1950's or 1960's is no longer applicable under the present new conditions. However, from Comrade Chen Yun's works, we can learn his viewpoints

and methods of seeking truth from facts. They are still of extensive significance and are our valuable ideological assets for carrying out socialist modernization.

1. To persist in the practice of seeking truth from facts, in Yanan Comrade Chen Yun summed up his viewpoints and methods as follows: "We should be concerned with actual practice rather than relying on the upper level or books." It looks like a simple thing, but it is actually not easy to do.

2. To seek truth from facts, we should, first of all, clarify facts and exert great efforts to carry out investigations and studies. Comrade Chen Yun said: "While doing our work, we should spend more than 90 percent of our time studying the situation. Only less than 10 percent of our time should be spent on deciding our policies. All correct policies are formulated on the basis of scientific analysis of the actual conditions. However, some comrades do the opposite. Every day, they are busy making this or that decision. They rarely investigate and study the actual conditions. This working method should be changed." This is a basic method for solving the contradiction between the subjective and the objective.

3. "Doing things in an all-round way, making comparisons, and pondering over things repeatedly." Comrade Chen Yun maintains that we should pay attention to listening to the criticism of the people. Even if they do not criticize, we should imagine that some other persons might raise their objections. We should consider problems from all sides, including the reverse side. We should take into account various conditions and possibilities. Why should we ponder over things repeatedly? It is difficult to understand objective things. It is impossible to understand them at first glance. Therefore, it is important for us to be resourceful and decisive. Debate on the initial plan will help us give up the incorrect parts, make up the deficiencies, and add to the correct parts. Comrade Chen Yun said: "If people scold you once you make mistakes, it is easy for you to correct them. If people always flatter you, once you make a mistake, you make a gross one." These remarks contain a dialectical general truth. Actually, if we are unwilling or refuse to listen to criticism, it is difficult for us to make a correct judgment.

4. Weighing the advantages and disadvantages, and enduring small difficulties for the sake of big gains. It is difficult to work out perfect policies and devise perfect measures. While making a policy decision, we should minimize the disadvantages and try our best to gain much on the basis of weighing the pros and cons of the matter. This is what we call enduring small difficulties for the sake of big gains. While leading the work of unifying economic and financial work shortly after the founding of the People's Republic, Comrade Chen Yun pointed out: "We will only encounter small difficulties in unifying economic and financial work, and the disadvantages involved are also small. If we fail to unify the work, we will encounter great difficulties as a result of financial and price hike storms. This will cause great harm to us." ("Selected Works of Chen Yun" (1949-1956), p 48) Therefore, we should endure small difficulties in order to avoid the big ones. Such a view is identical with Lenin's idea. Lenin said: "We should be good at

differentiating the greater danger from the lesser. We would rather endure the lesser danger than face a greater one." ("Selected Works of Lenin," Vol 4, p 379) As an old Chinese saying goes: "A good chess player plays the game with boldness of vision, whereas a bad one can only admit defeat." While doing economic and financial work, we should train ourselves to be "good chess players" who can endure small difficulties for the sake of big gains and have a good grasp of the situation as a whole.

5. Allowing for unforeseen circumstances and preparing ourselves for both eventualities. It is also difficult to make perfect decisions and devise perfect measures. Therefore, Comrade Chen Yun always analyzes the situation repeatedly. When he makes any policy decision, he always thinks of the most difficult conditions and prepares for the worst. He allows for unforeseen circumstances and prepares himself for both eventualities. After making a policy decision, he does his best to minimize the disadvantages and defects that might be brought about by the decision itself, and to prevent their spread in the course of implementing the decision. Such a method of thinking of the most difficult conditions and the worst possibilities will enable us to make full preparations. It is, of course, a good thing if they do not occur. If they do occur, we have already been mentally prepared, and know how to deal with them. In this way, we may head off a disaster and avoid being thrown into a panic. Comrade Mao Zedong said: "While it is absolutely necessary to prepare for the worst possibility, this does not mean ignoring favorable possibilities; on the contrary, such preparations for the worst is precisely a condition for creating favorable possibilities and turning them into reality." ("Selected Works of Mao Zedong," Vol 2, p 742) While leading economic and financial work, Comrade Chen Yun almost wins all the battles. He suffers fewer setbacks in the work. Very often, he wins a greater victory than expected. Allowing for unforeseen circumstances and preparing himself for both eventualities is a main reason contributing to his success.

6. Constantly summing up experience, putting things into practice, understanding things, putting things into practice again, and understanding things again. With the constant changing of practice and the situation, our understanding of them should also change. While talking about the problem that we should pay attention to summing up experience in commercial work, Comrade Chen Yun said: "Without a new method, it is impossible for us to meet the needs of the new situation. To devise a new method, we should study the previous ones." ("Selected Works of Chen Yun" (1949-1956), p 338) This means that we should sum up experiences. Comrade Chen Yun maintains that summing up experiences is more important than doing day-to-day vocational work. Summing up experiences means further understanding the actual situation and practical experiences. Putting things into practice, understanding things, putting things into practice again, and understanding things again is the road we must follow in order to seek truth from facts. This is also the road we must follow now in order to proceed from reality and promote the four modernizations program with Chinese characteristics.

I believe that the above-mentioned points are the fundamental points in Comrade Chen Yun's ideological line of persisting in the practice of seeking truth from facts. They are also Comrade Chen Yun's specific use of Marxist

materialist dialectics in practical work and important component parts of the Marxist ideological and work methods which Comrade Chen Yun upholds.

It is not appropriate to say that while doing practical work, we know nothing at all about the actual conditions. But we fail to spend 90 percent of our time on studying these conditions. Very often, we investigate hastily in order to make a decision on a certain matter. It is not a fact that we always make groundless decisions. However, very often our decisions are based on odd bits of information or a smattering of knowledge. Therefore, our decisions tend to be one-sided. It is not a fact that we do not discuss things with the masses. But, very often, we only discuss things with comrades who hold the same views. If we are unwilling to discuss things with comrades who hold different views, this means we are unwise and lack strategems. Under such circumstances, it is difficult for us to make good decisions. Sometimes, we may even make arbitrary decisions. Sometimes, we haggle over every ounce rather than enduring small difficulties for the sake of big gains. Sometimes, we base our plans on our wishful thinking and fail to allow for unforeseen circumstances or prepare ourselves for both eventualities. As a result, things run counter to our wishes. While making decisions in order to choose a certain plan, we might pay attention to its advantages and disadvantages. However, in the process of implementing the plan, we tend to neglect its weak points or defects. We only want people to praise us and refuse to listen to any criticism. In this way, we are unable to guard against, or fail to do enough work to guard against, the negative factors of the plan. Some comrades work hard and are busy all day. But they fail to pay attention to summing up experiences or are unable to sum up experiences historically and dialectically. They tend to negate everything or affirm everything. All this will harm our work. If those who are engaged in economic and financial work or other work can pay attention to learning from and using Comrade Chen Yun's work methods and leading methods, do things in a more dialectical way, and avoid the metaphysical approach, the level of their work will be considerably enhanced.

Blazing New Trails

Being concerned with actual practice and blazing new trails are the two aspects of a matter. While pondering problems, making judgments, formulating plans, and doing work, if we can truly seek truth from facts, integrate theory with practice, grasp inner links of things, namely the law governing their development, we will avoid breaking away from history and following the beaten path. In so doing, we will certainly be able to blaze new trails constantly, and promote our socialist modernization with Chinese characteristics. Economic and financial work in our country, guided by Comrade Chen Yun and his economic and financial books and articles, is deeply imbued with the creative spirit and the practice of blazing new trails based on the actual conditions in our country. For example:

(1) Shortly after the founding of the People's Republic, we faced a severe situation characterized by the sabotage of production and inflation after the retreat of the KMT. Curbing inflation and stabilizing commodity prices in the interest of the restoration and development of production so

that the newly born People's Republic of China could get a firm foothold was both an important economic and political problem. The imperialists thought that we could not survive unless we begged alms from them. The national bourgeoisie also doubted our capability for carrying out construction. On the basis of extensively conducting investigations and studies, Comrade Chen Yun considered finance, banking, and goods in a unified way. The method of decentralized management adopted during the wartime period was given up and a method of unified management was employed. A slogan of unifying the economy and finance, increasing incomes, and cutting down expenses and curbing inflation was put forward. At that time, although we did not have a clear concept of the three main balances [san da ping heng 0003 1129 1627 5899], the work of unifying the economy and finance carried out in 1950 included the basic points of unified and coordinated management of finance, credit, and goods, as well as their overall balance. During that period, financial revenues and expenditures, the arrangements of credits, and management of materials were carried out in a unified way. The work was successfully done. The success laid a good foundation for stabilizing the economic and political situation, victoriously carrying out the struggle to resist U.S. aggression and aid Korea, and restoring and developing the national economy. This was a universally acknowledged pioneering undertaking.

(2) We implemented a peaceful policy of redemption to carry out socialist transformation of the capitalist industry and commerce. Through adopting a guiding principle of using, restricting, and transforming private capitalism, and pursuing state capitalism which progressed from the elementary stage to the intermediate stage and finally to the higher stage, we completed the socialist transformation of private capitalist industry and commerce. This was a pioneering undertaking in the international communist movement. It is known to all that when Comrade Chen Yun presided over the work, he demonstrated his outstanding creativity and superb art of leadership.

(3) In 1956, shortly after the completion of the socialist transformation of the private ownership of the means of production, in light of the new situation and new problems occurring at that time, Comrade Chen Yun expressed the views on the "three principal parts and three supplements" of the socialist economy at the "Eighth National Congress" of the CPC. He said that the state-owned and collective economy were the principal part whereas the individual economy was a supplement. Planned production was a principal part whereas free production was a supplement. The state-controlled market was a principal part whereas the free market was a supplement. This fully showed the idea of relying mainly on the planned economy while making regulation by market mechanism subsidiary. Comrade Chen Yun did perform a rare feat in raising this issue as early as in 1956--a product of integrating the universal truth of Marxism with the specific practice in China. A number of problems which we intend to solve in the process of carrying out structural reform now were those put forward by Comrade Chen Yun more than 20 years ago. This precisely shows Comrade Chen Yun's foresight and sagacity.

(4) In 1957, Comrade Chen Yun theoretically generalized the scope and experience of the construction carried out during the First 5-Year Plan. He put forward the theories that the "scope of construction should be suited to

our national power," and that the three main balances between finance, credits, and materials should be ensured. These theories still have great vitality to date. Facts have further proved that they conform to the objective laws.

(5) To explore the possibility of establishing an economic and financial management system with Chinese characteristics and make good preparations for formulating the Second 5-Year Plan, Comrade Chen Yun drafted the three regulations on improving the financial management system, the industrial management system, and the commercial management system. Generally speaking, these three reforms were interrelated. The previous financial management system of "deciding revenues according to expenditures and changing the plan annually" was turned into "deciding expenditures according to revenues and keeping the plan unchanged for 5 years." This was a great change in the financial management system. Our present management system of "apportioning revenues and expenditures between the central and local authorities while holding the latter responsible for their own profits and losses" is actually an outgrowth and development of the financial management system followed in 1958. While formulating the regulation on reforming the industrial management system, Comrade Chen Yun proposed the expansion of the management power of provinces and cities over industry and the management power of enterprise operators over enterprises. His proposal was to the point.

(6) During the period of the "Great Leap Forward" from 1958 to 1960, the financial balance was false, but deficits did occur. There was an excessive issuance of paper money which caused prices to go up. During the period of the 3-year readjustment, apart from curtailing capital construction, reducing the staff of the state organ, and carrying out unified management, Comrade Chen Yun devised in a planned way some measures of selling a portion of grain and light refreshments at a high price and setting up a number of expensive restaurants. These measures worked, and financial balance was restored and paper money was withdrawn. All this helped stabilize popular feeling and caused commodity prices to gradually return to normal. Commodity prices at country fairs also dropped almost to the previous levels. Just like the efforts to stabilize commodity prices in 1950, this was also a miracle. Comrade Chen Yun also put forth some famous views such as production before capital construction, technical innovation, tapping potentials, and reforming old enterprises before carrying out new projects, and others. Facts have proved that these principles are correct and that they are not yet obsolete.

(7) After the 3d Plenary Session of the 11th CPC Central Committee convened, Comrade Chen Yun explicitly pointed out: The main mistake we have committed in economic construction since the founding of the People's Republic was the "leftist" mistake. To correct the "leftist" mistake, draw a bitter lesson from the previous errors, and ensure a stable and coordinated development of the national economy, Comrade Chen Yun put forward a number of effective opinions. For instance, he said: We should soberly realize that ours is a country with a population of 1 billion including 800 million peasants. We are carrying out construction in such a country. While carrying out our construction, we should not let everyone strain under the

pressure. We should, first of all, set the peasants' minds at rest, and let them rest and recuperate. We should reduce the amount of grain purchased from peasants and import grain. We should bring the scope of capital construction under control so that it will meet the financial and material capacity of the state. We should lower production quotas on iron and steel so that they are in line with the production quotas of other sectors. It is wrong to say that increasing production quotas means Marxism, whereas reducing production quotas means revisionism. Developing in proportion is fastest. Through readjustment, we should change the severe imbalances in the proportional relations in the economy. The principle of distributing financial and material resources of the state which we should follow is: First, feed the people; second, carry out construction. After feeding the people, the state must still have the power to carry out construction. We should enliven the economy. But we should avoid the tendencies of breaking away from the state plans. We should correctly handle the relations between the "bird" and the "cage." All these important guiding principles were in accord with actual reality and imbued with the spirit of blazing new trails.

Of course, the examples cited above are only those with which I am familiar. There are still many examples which have not yet been mentioned.

Most of Comrade Chen Yun's books and articles expound the party's line, guiding principles, and policies for a certain period of time. Very often, some comrades only pay attention to their historical and practical significance, but neglect their theoretical significance. It is wrong for them to do so. Just as Comrade Mao Zedong pointed out: "There is only one kind of true theory in this world, theory that is drawn from objective reality and then verified by objective reality; nothing else is worthy of the name of theory in this sense." ("Selected Works of Mao Zedong," Vol 3, p 775)

Only by Being Concerned With Actual Practice Can We Blaze New Trails

Our country is in a great historical, transitional period. The CPC Central Committee has demanded that we build socialism with Chinese characteristics, and break paths unexplored by people before. In other words, we should blaze new trails. Without blazing new trails, how can we build socialism with Chinese characteristics? To build socialism with Chinese characteristics, we should proceed from the national conditions of China. In other words, we should, first of all, be concerned with actual practice. If we fail to do so, we will not be able to keep abreast of the actual reality in China. Therefore, as far as methodology is concerned, building socialism with Chinese characteristics means unifying the efforts to be concerned with actual practice and the endeavor to blaze new trails. Practice has proved that only by being concerned with actual practice can we blaze new trails.

Over the past more than 30 years since the founding of the People's Republic, we have scored great successes. But we also committed grave mistakes and suffered setbacks. The achievements we have made include unifying finance and the economy shortly after the founding of the People's Republic, stabilizing commodity prices, carrying out socialist transformation of capitalist industry and commerce, promoting reform in the rural areas

after the 3d Plenary Session of the 11th CPC Central Committee, and so on. All these resulted from our efforts to be concerned with actual practice and our endeavor to blaze new trails. The mistakes and setbacks we suffered such as the "Great Leap Forward" in 1958, and the "Great Cultural Revolution" and so on were because we broke away from the actual reality in China and failed to be concerned with actual practice. We wrongly regarded fantastic ideas of this or that kind as "blazing new trails."

To build China into a socialist modern power, it is necessary to implement an open-door policy, and pay attention to learning from and drawing on the experiences of other countries (positive and negative experiences). There is no doubt about that. However, just as Comrade Deng Xiaoping has pointed out: "But the mechanical copying and application of foreign experience and models will get us nowhere. We have had many lessons in this respect." ("Selected Works of Deng Xiaoping," pp 371-372) Mechanical copying of the experience and models of certain socialist countries or capitalist countries will get us nowhere. The only method we should follow is that we should strengthen investigation and studies, proceed from the reality in China, and constantly carry out our explorations and make progress in integrating our efforts to be concerned with actual practice with our endeavor to blaze new trails. In this respect, Comrade Chen Yun has always persisted in his work style of seeking truth from facts. He has set a good example for us.

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THE VIEWPOINT OF INTEGRATING MANAGEMENT OF GRASS WITH THAT OF LIVESTOCK AND
THE REFORM OF THE GRASSLAND ANIMAL HUSBANDRY ECONOMY--PRACTICE AND SOME
UNDERSTANDING OF THE 'GRASS AND LIVESTOCK DOUBLE CONTRACT SYSTEM'

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[Article by Zhou Hui [0719 1920]]

[Text] In recent years we have integrated the management of grass with that of livestock and instituted in the pastoral areas of Nei Monggol a production responsibility system, under which meadows are assigned to households (groups) for certain management charges and livestock is turned over to herdsmen at a fixed price and with appropriate retention, thus giving a powerful impetus to the economic development of the pastoral areas.¹ Practice shows that in understanding and dealing with problems in grassland animal husbandry, only by proceeding from the basic point of integrating management of grass with that of livestock is it possible for us to grasp the essence of things and to make decisions in keeping with laws. Here I briefly raise some opinions to explore this issue.

I. Integrating Management of Grass With That of Livestock Represents a Leap in the Process of Cognition and a New Breakthrough in the Production Responsibility System in Pastoral Areas

Animal husbandry in pastoral areas, or grassland animal husbandry, is a material goods production department. People make use of the plants supplied by grasslands to breed and raise domestic animals and to obtain animal products and draft animals. This production process includes the production of plants and that of animals, which are related to each other. This is a basic feature of grassland animal husbandry. In understanding and dealing with questions of grassland animal husbandry, we should proceed from this basic feature.

Historically, grassland animal husbandry was conducted in vast, sparsely populated grasslands where there was little livestock. The grasslands had vast room for maneuver. In the course of grazing livestock, moving from place to place, the herdsmen used one meadow after another without worrying about grass. Thus, people are apt to notice only that men follow the livestock, without recognizing the fact that the livestock follow the grass and that the activities of both men and livestock revolve around the meadows.

In the course of time, a traditional idea of regarding livestock as more important than grass was formed. Since the founding of the PRC, the economy of the pastoral areas has developed rapidly. With the increase in livestock, the contradiction between grass and livestock has gradually become conspicuous. People have deepened somewhat their understanding of the importance of grass and have adopted measures to protect and to build grasslands. However, due to the adverse influence of the traditional idea of regarding livestock as more important than grass and the interference of "leftist" guiding thinking, as well as problems in the economic structure and planned management, for a long period of time we failed to correctly handle, in the course of grassland animal husbandry production, the relationship between grass and livestock, or to gain a clear understanding of the unity of grass and livestock, one-sidedly stressing the status of animal husbandry in grassland animal husbandry. These erroneous practices and ideas have done great harm to the economic and social development of pastoral areas.

Since the 3d Plenary Session of the 11th CPC Central Committee, people have continuously deepened, in the course of instituting the production responsibility system in pastoral areas, their ideological understanding, and have gradually put grass in a correct relationship to livestock. The production responsibility system integrating management of grass with that of livestock, or the so-called production responsibility system under which both grass and livestock are contracted, has been put forward on the basis of summing up the experiences and lessons in developing animal husbandry in pastoral areas particularly after summing up the experiences in instituting the livestock contract system and increasing the numbers of private livestock. It discarded the traditional idea of regarding livestock as more important than grass and broke with the convention of "three-level ownership by the commune, the production brigade, and the production team, with the production team as the basic accounting unit," thus putting an end to the situation in which the practice of "eating from the same big pot" prevailed in the relations of the herdsmen to the livestock and in those of the livestock to the grasslands. By concentrating responsibility, authority, and benefit on the herdsmen in relation to the grasslands and livestock, the production of plants and animals can be closely combined and thus men, grass, and livestock can be unified. This represents a profound change in the economy of pastoral areas. It will surely give a powerful impetus to the modernization process in animal husbandry.

II. The Responsibility System Integrating Management of Grass With That of Livestock Stimulates Changes in the Economy of Pastoral Areas

The production responsibility system integrating management of grass with that of livestock has only ended the separation of grass from livestock, but made no distinction between private livestock and contracted collective livestock. With the herdsmen exercising decisionmaking power in the management of grass and livestock, they no longer regard good or poor management as something that has nothing or little to do with them, thus enabling them to give full play to their initiative and enthusiasm. In an effort to attain better economic results, the herdsmen cannot but pay attention to handling the relationships between accumulation and consumption, between

production and construction, between immediate and long-term interests, and between economic results and ecological effect, and regard grass and livestock as an integral process of production to be considered from a long-term point of view. They not only regard livestock as their private property, paying attention to their number and quality and the turnover of livestock herds, but, what is more important, they regard meadows as a prerequisite for the survival of livestock, paying attention to their management, rational utilization, and construction. This has aroused the initiative of the herdsmen in growing grass and raising livestock, thus yielding results which could not be attained in the past by any administrative means or measures.

1. There has been rapid development in the building of grasslands which stresses practical results and which centers on tree planting and grass growing, the enclosure of meadows with fences to facilitate the growth of grass, and the development of water resources. In the first 8 months of 1984, the herdsmen in Otog Banner, Ih Ju League, raised funds to build 1,078 enclosed meadows with a total area of 43,980 mu. In 1984 the banner overfulfilled its original plans for artificial grass growing by 11.12 times, for aerial grass sowing by 14 times, and for the planting of caragana sinica by 0.69 times. The building of grasslands has also developed rapidly in areas where the natural conditions are good, where there are plenty of meadows, and where the herdsmen originally deemed it unnecessary to engage in the building of grasslands. In 1984 the herdsmen in Dong Ujimqin Banner, Xilin Gol League, raised money to build 200,000 mu of enclosed meadows and, in the first half of 1984, enclosed meadows covering 1.5 million mu have been built throughout the league, overfulfilling the annual plan by 15 times.

2. Improving the breeds of livestock, increasing the turnover of livestock herds, and developing animal husbandry machinery had been a cause of anxiety for a period of time before the institution of the responsibility system integrating management of grass with that of livestock, but they have become the conscious activities of the herdsmen. By early October 1984, Chagannoer sumu,² Dong Ujimqin Banner, Xilin Gol League, had purchased 20 red bulls and 40 small four-wheeled tractors. Uliji, a herdsman from Xianghuang Banner, originally had 150 fine-wool sheep. In 1984 he purchased another 152 pure-bred caucasus fine-wool sheep, 1 small four-wheeled tractor, 1 mower, and 1 rake and set up a household-run stud farm. In 1984 there was an intense popular interest in purchasing milch cows of fine breeds in Hulun Buir League. Now, demand for livestock of fine breeds and animal husbandry machinery exceeds supply. At the end of 1984 the amount of livestock throughout Nei Monggol had dropped by 3.14 percent over the previous year but milk output had increased by 19.66 percent, beef by 13.57 percent, and mutton by 2.7 percent. In one aspect this reflected an increase in the proportions of livestock of fine breeds and bigger livestock, a quickened turnover of livestock herds, and increased commodity and slaughtered livestock rates.

3. Cutting grass and putting it in storage and building sheds or pens have attracted widespread attention; the ability to resist natural disasters and the stability of production have improved. Since the widespread institution

of the production responsibility system integrating management of grass with that of livestock, the whole region has cut and put in storage 6.1 billion jin of grass, an increase of 1 billion jin over the previous year of an average of 150 jin per head; before the winter set in, it had built 279,000 new pens and repaired another 831,000 pens. All this has strengthened the material foundation of grassland animal husbandry and increased its ability to resist natural disasters, so that animal husbandry production has become stable. According to statistics, by 5 January 1985, the fatness of livestock throughout the region had been maintained at 70-80 percent. Before and after the Spring Festival this year, there were continual heavy snowfalls in the major pastoral areas and the snow was deep. If this had happened in the past, it would inevitably have caused a serious snow and ice disaster. However, because the region had laid a certain material foundation, it did not result in a great disaster. When the snow was over, the survival rate of livestock throughout the region still reached more than 98 percent. By 5 May 1985 there were 8.144 million newborn domestic animals throughout the region, with the survival rate reaching 90.1 percent.

4. The production responsibility system has stimulated changes in the mode of production and way of life. Under the production responsibility system integrating management of grass with that of livestock, the division of meadows and enclosures has been carried out quite meticulously, with the four sides delimited clearly; the division of some large grazing lands has been carried out in rough outline. The banners and townships generally reserve some meadows; but generally speaking, meadows are centered on water sources and assigned to households or joint households, with each carrying out construction projects in his own contracted meadow. The power to utilize, run, and manage the meadow will remain unchanged for a long time and those who engage in construction projects will get the benefit. This has stabilized the production activities of the herdsmen. The nomadic and crude way of grazing livestock has gradually changed into intensive farming, such as grazing livestock at certain selected sites and breeding livestock in pens, and the way of life characterized by choosing one's dwelling place according to sources of water and grass has also gradually given way to permanent or semipermanent settlement, thus gradually reversing the passive situation characterized by the livestock following the grass and the people following the livestock, making it possible for the people to gain the initiative. Now, in many pastoral areas we can see herdsmen building new residential units and a few small market towns gradually coming into being. Correspondingly, great changes have also taken place in the furnishings of the herdsmen's houses. Furniture, such as television sets, radio-recorders, wooden beds, and sofas, has markedly increased and changes in their clothing and food have also been very remarkable.

5. The concept of the commodity economy is developing. Animal husbandry and the commodity economy have a historic link because livestock was the earliest commodity to serve as currency in history. However, because the natural economy was in a dominant position for a long time, the feudal ruling class attached great importance to agriculture but suppressed trade, and because unscrupulous merchants in previous dynasties exerted an odious influence by their irregular activities, coupled with the pernicious

influence of "leftism" for a long period after liberation, such as "trade-phobia" and "resistance to trade," the concept of the commodity economy has been slow in establishing itself in the pastoral areas and the mentality of looking down upon trade and the attitude of being reluctant to slaughter domestic animals and to sell them were common among the herdsmen, who even confused business transactions with cheating. This state of affairs has changed remarkably since the institution of the production responsibility system integrating management of grass with that of livestock. Animal husbandry on grasslands has developed rapidly and animal products have increased enormously. In order to become well-off as quickly as possible, the herdsmen no longer breed "long-lived domestic animals" but try to sell them by every possible means. Many herdsmen have established links with companies concerned and energetically engage in livestock and animal products transactions. Some have even expanded the scope of their business in animal products outside the region and established links with businessmen from Hong Kong and abroad. Engaging in commercial activities is no longer discriminated against. A larger number of people engage in long-distance transport of livestock for sale or go to cities and towns to engage in business activities. Some herdsmen are becoming experts in handling the commodity economy.

6. The production responsibility system has stimulated the development of production in pastoral areas in the direction of specialization and socialization. The implementation of the production responsibility system integrating management of grass with that of livestock has immensely broadened the horizons of the herdsmen. They urgently want to acquire cultural and scientific knowledge and vigorously stimulate division of labor and trade. Specialized households and households doing specialized jobs are emerging in large numbers. In Ewenki Autonomous Banner, Hulun Buir League, there are now 399 households specializing in raising milch cows, beef cattle, and sheep, accounting for 11.3 percent of total number of herdsmen households in the whole banner, and their output value accounts for 23 percent of the total output value of animal husbandry in the banner, thus becoming a vital new force in developing the commodity economy in the pastoral areas. Now, the economic activities of specialized households and households doing specialized jobs in the pastoral areas have by far exceeded the scope of livestock breeding. Along with the rapid increase in the number of households specializing in livestock raising, households specializing in tree planting and grass growing, the processing of forage grass and fodder, mining, maintenance services, transportation, and the services and catering trades have also emerged in large numbers. Thanks to the development of specialization and socialization, exchange relationships have been expanded, the links among the herdsmen have been strengthened, and the commodity economy of the pastoral areas has increasingly developed.

III. A Probe Into the Nature of the Grassland Animal Husbandry Economy Following the Implementation of the Production Responsibility System Integrating Management of Grass With That of Livestock

Meadows and livestock are indispensable to grassland animal husbandry but a distinction should be made between what is primary and what is secondary.

In line with Marx' relevant exposition, a natural pasture which has not been developed and utilized is the subject of labor in an ordinary sense, but forage grass mowed from a meadow which has been opened up or developed is a raw material in animal husbandry production. Moreover, as a place for both people and livestock to live and to move about, a meadow is a means of labor, as are workshops and warehouses.³ In grassland animal husbandry, a meadow plays its role in the dual capacity of being the subject of labor (including raw materials) and the means of labor. On the one hand, it provides a material basis for the survival and multiplication of livestock and, on the other hand, it provides a basis for people to engage in production. It can be said that without meadows there would be no grassland animal husbandry. For this reason, meadows are a material basis and a precondition for grassland animal husbandry.

Livestock is the object of operation in grassland animal husbandry. It has the same character as seeds and seedlings of cereal crops in farming and fish in fish breeding. The dams and studs in livestock breeding are raw materials, as are the seeds in farming; the livestock, fur-bearing animals, and milch cows and goats being fattened are the subject of labor, as are the seedlings of cereal crops in farming and the fish in fish breeding; and the livestock for sale are commodities to be put onto the market, as are the farm produce and the fish to be sold.⁴

Livestock is an indispensable means of production in grassland animal husbandry. However, it cannot exist without meadows, just as fish cannot be separated from fish ponds or seedlings of cereal crops from land. "Grass cannot grow without water and it is hard to raise livestock without grass." This motto, which has been handed down since ancient times among herdsmen, brings to light the internal link between grass and livestock. Only when we have grass can we raise livestock. If grass production is unstable, so is livestock production; if grass does not grow luxuriously, neither does livestock. Meadows serve as a basis for grassland animal husbandry. Therefore, the character of grassland animal husbandry is determined by the ownership of meadows and the economic activities related to them, just as the character of farming and fish breeding is determined by the ownership of land (including water) and the economic activities related to them, following the institution of the system of contracted responsibility with payment linked to output.

With the implementation of the production responsibility system integrating management of grass with that of livestock, domestic animals have been turned over to individual households at a fixed price and have become the private property of the herdsmen who are masters of the socialist state. However, livestock is only a target of operation in grassland animal husbandry. Livestock and grassland animal husbandry belong to two different categories and represent two different concepts. Moreover, under socialist conditions, livestock belong to the herdsmen, which is essentially different from the previous system of private ownership. Under the production responsibility system integrating management of grass with that of livestock, the basic means of production are publicly owned and the herdsmen only have the right to utilize, operate, and manage meadows, undertake the responsibility for protecting and building grasslands, and assume the duty of paying charges

for the management of grasslands. The separation of meadow ownership from the power of operation, which has been carried out under the supervision of the socialist state, does not change the ownership nature of meadows. Since the grassland animal husbandry economy is still based on publicly owned meadows, which supply raw materials and means of labor, the methods of its management, whether by the individual, the collective, or the state, do not change its socialist nature. Following the institution in farming of the system of contracted responsibility with payment linked to output, which is based on publicly owned land, ownership of land has been separated from the power of operation and management, but we do not negate the socialist nature of farming because of this separation and because the seedlings of cereal crops--the target of farming operation--are owned by the peasants. Following the institution in fish farming of the system of contracted responsibility with payment linked to output, which is based on publicly owned water areas, ownership of fish ponds has been separated from the power of operation, but we do not deny the socialist nature of fish farming because of this separation and because the fish--the target of operation in fish farming--are owned by fishermen. Likewise, following the institution in grassland animal husbandry of the production responsibility system integrating management of grass with that of livestock, which is based on publicly owned meadows, neither should we doubt the socialist nature of the production responsibility system because of the proper separation of meadow ownership from the power of operation and because the domestic animals--the target of operation--are owned by the herdsmen. The production responsibility system integrating management of grass with that of livestock has changed the methods of management in grassland animal husbandry. That is to say, the original collective management with production teams as units has been changed into decentralized management with households as units. The grassland animal husbandry economy under the new methods of management is neither a collective economy of "three-level ownership by the commune, the production brigade, and the production team, with the production team as the basic accounting unit" nor an individual economy, subordinated to the socialist economy, based on the private ownership of the basic means of production. It is a socialist economy which is formed through the production responsibility system, which combines responsibility, authority, and benefit, which unites the interests of the state, the collective, and the individual, and which emerges as combinations between the state or the collective and the individual. On the one hand, the herdsmen, who directly undertake this economic activity, are masters of the state and the economy under the system of ownership by the whole people. Because their principal production activities are carried out on publicly owned meadows, they are subject not only to the restrictions of the economy under the socialist system of ownership by the whole people, but also to the control of the socialist government policies, laws, and decrees. On the other hand, in the course of this economic activity, the herdsmen, in addition to utilizing the meadows contracted by them, also use public grazing land and, therefore, should pay to the collective, usually the village committee, charges for the management of the grassland and contributions for public welfare and accumulation, thus maintaining economic link with the collective. Judging from the trend of its development, this new economic form will further establish numerous forms of combination at different levels of the basis of division of labor according to specialization,

which is quite advantageous to the development of the national economy. For this reason, we should not exclude it from the socialist economy.

The implementation in recent years of the production responsibility system integrating management of grass with that of livestock has given us a great deal of enlightenment. The development of things has no limits and neither does cognition. To make our ideas, policies, and measures conform, or come close, to objective reality, we should constantly sum up our experiences and deepen our understanding. In this article I have raised some exploratory views by way of introduction, so that others may come up with valuable opinions.

FOOTNOTES

1. In an article published in RED FLAG No 10, 1984, I called this production responsibility system simply the "grass and livestock double contract system" but the herdsmen call it the system of "assigning both grass and livestock to households." A penetrating analysis of this issue shows that if we call it the "double contract system," the livestock turned over to households does not come within the category of the contract and, if we call it the system of "assigning both grass and livestock to households," the meadows have not been assigned to households altogether. In some localities the grazing lands are contracted to groups or joint households and in some others the outlying grazing lands are still jointly used by village herdsmen. Therefore, with the exception of using "grass and livestock double contract system" in the subtitle of this article for the sake of preserving continuity with the previous article, I shall, in this article, invariably use production responsibility system integrating management of grass with that of livestock.
2. "Sumu," a Mongol term, refers to an administrative unit in the pastoral areas of Nei Monggol corresponding to a "township"; "gacha" which also appears in this article, is a Mongol term and corresponds to a "village."
3. See also "On Capital," Vol 1, pp 57, 202-205.
4. See also "On Capital," Vol 2, p 181.

CSO: 4004/30

INVESTIGATION OF ECONOMIC WORK IN JIANGSU PROVINCE

Beijing RED FLAG in Chinese No 13, 1 Jul 85 pp 15-17

["Investigation Report" by Han Peixin--passages within slantlines published in boldface]

[Text] Editor's note: This is a very good report that was made through investigation and analysis. If most of our comrades also carry out investigation and analysis in this manner, our work will become much easier to do.

From late March to late April, I spent nearly 1 month touring all the cities and counties in the province and probing into the question of how we are to do this year's economic work well.

Before Spring Festival, some comrades were not clear enough about the problems that had cropped up in our economic work and thought that there was some deviation in our reform and some change in the situation. I have some worries about this. The large number of facts that I learned on that tour have proved to me that the CPC Central Committee's analysis of the situation and its macroeconomic policy decisions are correct and have won the consent and support of the vast number of cadres and masses of people and that the situation in the whole province is relatively satisfactory. In discussions with the comrades in those cities and counties I found that in order to consolidate and develop our province's fine economic situation, we have to satisfactorily grasp the following:

/1. Strengthening macroeconomic administration is a positive policy and we should conscientiously carry out this policy in a realistic manner./

It is entirely necessary for the CPC Central Committee to put forth the policy of strengthening macroeconomic administration and this policy has a vital bearing on our economic work this year and in the future. The implementation of these measures will enable Jiangsu's economic construction to develop even more healthily. For this, people's understanding is relatively identical. However, some comrades are still not sure how to correctly implement the spirit of the CPC Central Committee's policies. They are not sure what they should and should not do. Therefore, they seem hesitant and cannot satisfactorily decide on what to do. This may affect this year's economic work and reform.

Regarding the question of our growth rate, the province's gross industrial and agricultural output rose last year by 18 percent, and in the first quarter of this year, gross industrial output was 31.7 percent higher than the same period last year. The main factors that have given rise to such a high growth rate are: 1) The reform in our economic structure promoted the development of production; 2) social demand increased; 3) newly acquired fixed assets (including those in the projects of technological transformation) gradually played their role; and 4) production of energy and raw materials increased relatively greatly since last year. However, the excessively high growth rate was indeed accompanied by some abnormal phenomena. The most outstanding problem was that in the latter half of last year, too many loans were provided and the scale of the investment in fixed assets was too large. Some comrades blindly pursued high figures and inappropriately tried to turn their areas into 100-million-yuan townships and 10-million-yuan villages. As a result, the growth rate of our industry became even more excessive. Now, some of our comrades still fail to adequately realize the latent danger of excessively high growth rates. Some comrades in northern Jiangsu hold that their areas have a weak foundation and are now only making a beginning; therefore, they think that their growth rate should not be restricted. Some comrades in southern Jiangsu hold that the economic results in their areas are satisfactory; therefore, they should conduct more projects and achieve a higher growth rate and that there should be no restrictions. They all say that there should be no "uniformity," but in fact, they all want to be free from any control. In order to solve these problems, we should first teach our cadres and masses of people to heighten their sense of the overall situation and unify their thoughts and understanding. Second, the key to controlling our growth rate at present is to control credit. In controlling credit, we should stress proceeding from reality, control what should be controlled, and provide loans that should be provided. We should firmly reduce the scale of the investment in fixed assets and switch from the practice of mainly relying on extensive expanded reproduction into the practice of mainly relying on intensive expanded reproduction. Third, we should firmly persist in making concrete analysis of concrete problems and deal with different things in different ways. For example, in southern Jiangsu, the township and town enterprises have already developed to a fairly great scale and now we should guide these areas in conducting technological transformation and raising the quality of their products, and we should also reorganize and improve these enterprises through the establishment of combines. In northern Jiangsu, particularly, in some backward areas, the credit limits have not been exceeded and we should conscientiously help these areas with funds and credit. However, we should pay attention to suiting measures to local conditions and should not entirely copy southern Jiangsu's previous methods. Fourth, in carrying out macroeconomic administration, we should mainly adopt economic methods and effectively apply economic levers such as interest rates, tax rates, and prices. We should not rely simply on administrative orders. People all hold that in solving current problems, we should not seek "uniformity," slam the brakes on, or regard symptoms as trends. Nor should we scold the comrades at the basic level because of the mistakes in the work of certain departments. Xuzhou city's growth rate last year was 14.4 percent, lower than the provincial average. About this, some comrades have complaints and think that Xuzhou lags behind

other areas. Xuzhou City CPC COMMITTEE and government were relatively cool in handling this problem. They put forth the goal of achieving a growth rate of 8-10 percent this year and did not blindly try to achieve as great a growth rate as that achieved by other areas, but they always stressed vigorously grasping economic results. In the first quarter of this year, the city basically achieved a synchronous increase in its industrial output value and financial revenue. I think that this was a relatively correct method. Our localities and enterprises should conscientiously obey and coordinate with the macroeconomic administration of the state. In doing so, the most fundamental thing they should do is to increase their economic results. Under this prerequisite, they are allowed to each give full play to its ability and "do what they want to do within the scope allowed by the principles."

Money supply has been tightened and credit has been controlled. As a result, there is a shortage of funds in some areas and enterprises. However, the comrades in these cities, counties, and enterprises did not complain, but thought of ways to raise funds through diverse channels. The concrete measures that have been adopted by some counties in Changzhou and Suzhou cities were as follows: They have reduced the stock of finished goods in their storerooms and thus speeded up the turnover of their funds; they have sorted out their capital construction projects and pressed for repayments of overdue debts; their rural credit cooperatives issue shares among the masses of the people; and their enterprises have used as much of their retained profits as possible to increase their funds for renewal and transformation and to increase their floating funds. Regarding the employment of the funds, all the cities reexamined one by one the projects that they had approved at the end of last year, and decided, in light of the different conditions of these projects, what projects had to go ahead, what projects could be delayed and what projects had to be suspended. First we should ensure the supplies of what is urgently needed to our production and give priority to supporting the production of the products that sell well in our market, well-known brand products, fine quality products, and new products, the production of the commodities for export that can earn much foreign exchange, and the development of energy and communications industries. We should also vigorously support new projects that produce products of fine quality, that have satisfactory economic results, and that can soon be completed as well as projects that can be completed and put into operation with few funds. In my opinion, this is a conscientious attitude that proceeds from reality.

/2. Treasure and develop the satisfactory trend of the reform and further streamline our administration, decentralize power, and enliven our enterprises./

At present, the comrades in our enterprises have a great enthusiasm for the reform, but there have also emerged some problems worth paying attention to. 1) Some comrades and masses of people are in an anxious state of mind and have the mentality of "waiting" (waiting and refraining from taking any actions until there are orders from above), the mentality of "fear" (the fear that they will be held responsible when problems crop up), and "complaint" (they complain that the policies are not earnestly formulated

for implementation). 2) Some of the power that must be transferred down to the enterprises has not been actually transferred to them. Some of the power has only been nominally transferred to the enterprises, but not actually transferred. As a result, there is only decentralization of power in name while it is a division of power in fact. Other powers that must be transferred to the enterprises have been taken away by intermediate links in the process of the transference and some departments have even been taking back the power that has already been transferred down. Regarding our enterprises themselves, they lack experience in actually satisfactorily using the power that has been transferred down to them. Most of the enterprises have only implemented the contract economic responsibility system, but failed to carry out corresponding internal reform. 3) The tasks of price and wage reform are relatively heavy this year. As a result, some comrades neglected the reform in our enterprises. Other comrades wrongly related some of the problems that have cropped up in our economy and some unhealthy practice with the practice of streamlining administration and decentralizing power, and in particular, they have many complaints about the reform in our enterprises. When I talked with the comrades at the basic level, they all held that in carrying out the reform this year, we should continue to closely grasp the key link of enlivening our enterprises and vigorously grasp the implementation of the various measures to streamline our administration and decentralize power. It is necessary to probe into and start to carry out as soon as possible further reform in the system and structure of the organs at the provincial level in order to enable the reform in our superstructure to be better suited to our economic foundation.

/3. Our province's work of opening up to the outside world should be focused on the technological transformation of the existing enterprises and on the efforts to increase exports and earn more foreign exchange./

There is relatively great number of old enterprises in Jiangsu and the task of technological transformation is relatively heavy. As an old industrial base, Jiangsu should strive to assimilate advanced foreign technology and produce the products that are really up to the mark and put them in the international market. In other words, in spending our foreign exchange, we should simultaneously attain the following two aims: 1) We should raise the technological level of our enterprises; 2) we should earn more foreign exchange. Only by so doing can we start a benign cycle in spending our foreign exchange and avoid the practice of spending foreign exchange to earn renminbi or spending foreign exchange only in building hotels and guest-houses and purchasing high-grade consumer goods. Nantong and Lianyungang cities are provided with satisfactory conditions for opening up to the outside world. They have not only good ports, but also quite good existing industrial foundations. Nantong's light and textile industries have a history of about 100 years and there is much to do in carrying out technological transformation in their old enterprises. By contrast, the economic results of the practice of concentrating our energy and financial resources on setting up and developing new areas are not necessarily high. The construction of new developing areas should make steady progress and we should not overreach ourselves in developing them by pursuing an excessively large scale of construction. By so doing we will prevent excessive scale from lowering our economic results.

Nantong, Lianyungang, Suzhou, Wuxi, and Changzhou would like to have control of their exports. Moreover, some enterprises that do much import and export business also wish that they could be granted control of their exports. I agree with their view. After granting localities and enterprises exports powers, the central authorities can formulate some concrete export policies to give guidance and exercise control. For example, they can adopt the method of fixing lower limits but no ceiling for export prices to exercise supervision and management over prices; and they can transfer downwards the power to allocate quotas for some commodities. They should allow localities and enterprises to act in light of the situation within a fixed scope.

Our province has two open coastal cities and one open economic zone and thus some of our rural areas have been provided with even better conditions for following the "trade-industry-agriculture" path. All of the people I met reflected that a relatively great problem is that they do not have quick access to information and cannot accurately forecast the changes in prices in foreign markets. Often, the risk caused by price changes in the international market is directly undertaken by our peasants. For example, for a time in the past, rabbit fur was unmarketable and the peasants killed many of their rabbits. As a result, when there was a turn for the better in market situation, it was too late for them to resume their rabbit breeding undertakings. This has given rise to the current situation of competing with one another in purchasing rabbit fur and thus causing the prices to rise. Therefore, there is a demand that someone provide our peasants with information and purchase and marketing service. In particular, when some risk has emerged, there should be a buffer mechanism, a "relay station" that can shift the goods for export to the domestic market and a processing industry that is capable of meeting emergencies. All our departments of foreign trade, agriculture, and purchasing and marketing should shoulder this responsibility. Through probing, we should establish an export system that can protect our peasants' interests as well as compete with foreigners in the international market.

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STATE COMMERCE SHOULD TAKE AN ACTIVE PART IN MARKET REGULATION

Beijing RED FLAG in Chinese No 13, 1 Jul 85 pp 17-18

[Article by Jing Ping [2529 1627]]

[Text] The economic structural reforms in our country have begun to change the lethargic situation in the field of circulation. With enterprises run by the state and by collectives and individuals developing simultaneously, the socialist commodity economy is getting increasingly brisk and prosperous. At present, a prominent question is how state commerce should function to play the dominating role when commodity circulation is developing widely.

The socialist commodity economy is a planned commodity economy based on public ownership. Commerce is a bridge that links production with consumption. An important task for socialist commerce is to promote production and guide consumption so as to maintain the equilibrium of demand and supply consciously. In this regard, state commerce shoulders the main responsibility and should function as a main channel for commodity circulation.

State commerce is owned by the whole people and possesses enormous economic strength and business capacity on the basis of accumulation over many years. So it can act as the main organizer of commodity circulation. Through its business activities, state commerce can ensure the requirements of state economic plans and can influence the business activities of other forms of commercial undertakings, thus playing a guiding role in the commercial field.

In order to effectively play a dominating and guiding role, state commerce must change its long-standing practice of monopolizing the purchase and marketing of some products and assigning purchase quotas to production units. Instead, it should take an active part in market regulation, that is, actively participating in purchase activities on the markets to ensure an ample supply of goods. Then, through planned marketing, it can regulate prices and stabilize the markets.

Wholesale commerce is a bridge between production and the retail business and is the foundation for state commerce's guiding and dominating role. State commerce should keep a tight rein on the wholesale business concerning important production materials and durable consumer goods which have a bearing on the national economy and the people's livelihood. The supply of goods

must be ensured so as to move goods oversupplied in one place to another place where they are needed, to stabilize prices, and to withdraw currency from circulation. At the same time, state commerce should use economic means to flexibly handle wholesale business. For example, wholesale prices should be set more flexibly rather than fixed rigidly; and goods should be transferred according to economic areas rather than administrative areas. This will suit our commercial work better to the new situation in commodity circulation.

State commerce should learn how to flexibly employ the leverage of pricing. For a small number of commodities which are subject to state plans, prices should be strictly maintained at the level fixed by the plans. However, for other commodities whose prices are not fixed by state plans, prices should be set flexibly in light of the quality, quantity, specifications of the goods, and the specific seasons. If we set prices flexibly and reasonably, the goods will be sold quickly and commodities will move more smoothly. When using prices as a regulator, state commerce has the duty to strictly implement the state's price policy and should resolutely prevent and oppose reckless price rises.

State commerce has rich financial resources and good storage facilities. It should make full use of these advantageous conditions to establish reasonable commodity reserves. This will enable state commerce to carry out appropriate and timely market interventions by storing goods when goods are in excess supply and selling them when they are in short supply. This can stabilize prices, balance demand and supply, and guarantee production development and the people's livelihood.

In some localities, state commercial units have achieved good results in participating in market regulation, and they have provided us with successful experience. For example, in the reform of the price system for non-staple foods, Wuhan city made ample preparations and took cautious actions to decontrol prices for nonstaple food in the three towns of the city (the city increased to 80 the number of fair markets and increased farm produce wholesale markets to 17). People in other areas were also allowed to sell their farm products in the city. At the same time, the city's state-owned food company and vegetable company actively procured a constant supply of goods from the city and from other areas of the province and even from neighboring provinces, then placed large quantities of goods on the city's markets. They increased manpower and retail stalls and prolonged business hours. For some fresh and live foodstuffs which were in abundant supply, they bought at a higher price and sold at a lower price so as to stabilize the market. The city's policy is to integrate price decontrol with better management to ensure a brisk market for nonstaple foods. The city authorities focus management on major items, the ceiling of wholesale and retail prices, the overhead rates, the differences between buying and selling prices, and the margin of price fluctuations, so they can give more freedom to prices for minor items under the ceiling and within the prescribed limits. Because of the adoption of a series of effective measures, the city has succeeded in ensuring state commerce's role as a main channel for commodity circulation. Now, the markets in the three towns of Wuhan are

full of a rich variety of commodities of good quality and their prices are stable. This shows the good results of the measures for price decontrol, economic enlivening, and effective management.

However, state commercial units in many localities have not taken an active part in market regulation and have not functioned as a main channel for commodity circulation. As a result, some markets are dominated by individual traders. On the one hand, prices are unstable and add to the burdens of consumers; on the other hand, producers cannot benefit as they deserve to. Because the capacity of individual trades is always limited, goods are often out of stock on the marketplaces, but are stockpiled for a long time in the producing areas. Both producers and consumers are discontent with this state of affairs. We should admit that the appearance of such problems is mainly due to the state commercial units concerned which have not properly performed their duties.

There are mainly two reasons for the poor performance of some state commercial units: First, they have become deeply lethargic because of their long-standing dependence on the "big pot," and they lack a sense of responsibility to the people and the socialist cause. They do not take the initiative in adapting themselves to the new situation; instead, they simply harbor a wait-and-see attitude and stick to their outmoded business style. This shows that the old economic structure must be reformed. However, it seems that some state commercial units have to take some time to gradually adapt themselves to this reform process. We should strengthen education and prompt them to transform themselves more quickly. Second, state commercial units have encountered difficulties that they find it hard to overcome by relying merely on their own strength. For example, there are too many types of taxes and levies, which have added to their financial burdens; and they cannot freely decide prices for some items. All this has put state commercial units in an unfavorable position in the competition with individual traders.

State commerce's participation in market regulation and functions as a main channel in commodity movement are not only the affairs of state commercial enterprises, but are also things for which governments at all levels should bear responsibility. Local governments should take realistic steps to help state commercial enterprises solve their difficulties and should provide for them parallel conditions for competing with other forms of commercial units. In addition, in order to stabilize the markets, the governments should provide certain financial support for state commercial units to establish their production bases or to make up for their business losses. It is not right to think that governments will not have to take care of state commercial enterprises after the reforms or to think that reliance will be placed on individual traders to satisfy market demands.

Of course, ensuring the role of state commerce as a main channel for commodity circulation does not mean that state commerce must hold a dominant position in the handling of every commodity and in every marketplace. It is possible that the handling of some commodities and the running of some marketplaces by other forms of commercial enterprises will be more favorable

to the stability of prices and the integration of production and marketing. For example, the supply of meat and vegetables in some small cities has been well ensured by trade fairs. In such cases, state commerce should proceed from actual conditions and adopt varied methods to participate in market regulation so as to function as the main channel.

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EMBARK ON A NEW ROAD OF EDUCATIONAL REFORM AND DEVELOPMENT

Beijing RED FLAG in Chinese No 13, 1 Jul 85 pp 19-24

[Article by Gong Yuzhi [7895 5148 0037]]

[Text] One month has passed since the "Decision of the CPC Central Committee on Reform of the Educational System" was promulgated. Making such an earnest decision and mobilizing all forces to implement the decision in a down-to-earth manner shows that the focus of the work of the party and the state has been switched more completely to the socialist modernization program. The party has also further deepened its understanding of the importance of educational work, and China's education has embarked on a new, great road of reform and development.

The urgent task of educational reform and development raised by our party are based on the following three facts: First, China's educational undertakings are backward and the educational gap between China and the developed countries, which had narrowed after the founding of the PRC, has again widened as a result of the destruction caused by the "Great Cultural Revolution." Second, China is restructuring its economy and practicing a policy of opening to the outside world and invigorating the domestic economy. Under these circumstances, to overcome the drawbacks in the current educational system, appropriate reform should be conducted in our educational system. Third, the new global scientific and technological revolution has presented the developed countries with the new task of educational reform. More than anything else, this is both a new challenge and an opportunity for China's educational development. After studying the problem of education against such a background and with such a perspective, our party has put forth the principle that education must face modernization, the world, and the future. In accordance with this principle, it is necessary to carry out a profound reform in the various fields of China's education and to bring about a substantial quantitative expansion and qualitative improvement in our education through reform efforts. Without this reform and development, China's education will be unable to meet the needs of the socialist modernization program.

In 1975, Comrade Deng Xiaoping warned that not doing a good job in education would hinder the development of the four modernizations program. However, the efforts then to straighten things out in education were soon suppressed. After he was reinstated in 1977, Comrade Deng Xiaoping

immediately took personal charge of educational affairs and raised the slogan of "respecting knowledge, respecting trained personnel" to the whole party and the whole society. Over the last few years, since being consolidated and restored, China's educational undertakings have made considerable progress, but the situation of education failing to suit the needs of the socialist modernization program has not changed fundamentally. At present, with the gradual development of the reforms of the economic and science and technology structures and with the proposition of the strategic idea of ushering in the new world technological revolution, the party has stressed the urgent task of reforming and developing education. In his important speech "Party Committees and Governments at Various Levels Should Conscientiously Grasp Educational Work," Comrade Deng Xiaoping once again pointed out: "If we fail to set this task for the whole party, we will be delaying something truly important and will thus fail to fulfill our historic responsibility." With the call and leadership of the CPC Central Committee, the whole party will undoubtedly work hard for educational reform and development with a new understanding and determination so that it can meet the needs of the socialist modernization program as quickly as possible and become a powerful force to propel the socialist modernization program forward.

What the central decision stresses is reforming the educational system. This does not mean that educational reform is confined exclusively to matters pertaining to the system or is even less confined to the steps stated in the decision. Our educational reform will be multifaceted. The central decision is a program which charts the basic orientation and formulates the principles concerning educational reform and development. As for the various concrete steps and plans, all localities, departments, and units are encouraged to design, to work out, and to implement them and also encouraged to go on exploring, discussing, and creating while conducting experiments. The central authorities will continue to formulate new policies on the basis of summing up new experiences. The present move is just the start we have made on the new road of China's educational reform and development.

The whole party must conscientiously study the central decision. We must deepen our understanding of many problems in theory. I would like to discuss here my personal understanding gained from studying the decision on the relationship between educational and economic development.

Educational Development Hinges on Economic Development, It Has a Great Impact on and Function in Economic Development

Educational development and economic development are interrelated, each conditioning and promoting the other. Historical materialism holds that the economy is the foundation and it plays a decisive role. The development of education is decided by economic development and it has a great impact on and function in economic development.

The decisive role which economic development plays in developing education is manifested in two ways:

First, educational development is decided by the objective demands of economic development, which determines to what extent education should be popularized and its standards raised. (Of course, the needs of society in regard to education are not confined to economic aspects alone and education serves more than economic construction. As the central decision stipulates: "Education should serve socialist construction and the latter should rely on education." What is stated here refers to the whole of socialist construction, including the building of both material and spiritual civilizations and economic construction, as well as cultural and political development. It has nothing to do with the narrow viewpoint of stressing only economic construction. However in the final analysis, economic construction is the center and foundation of the whole socialist modernization program.)

Second, educational development is decided by the material conditions which economic development can provide.

With the arrival of the high tide of economic construction, a high tide will unavoidably emerge in cultural development. The relationship between the two high tides should be explained from the angle of the role the economy plays in the two above aspects of cultural development.

We cannot surpass the objective needs of economic development and the material conditions it can afford to provide in working out any plan for educational development and putting it into effect. Education cannot develop significantly in the absence of economic development. Developing education by surpassing economic conditions is subjective and untenable and moreover, it is harmful to both economic growth and educational development.

We also cannot lack a long-term view or shut our eyes to the urgent needs of the development of various aspects of the modernization program in regard to educational development and to the tremendous impact and benefit which the investment in intellectual resources has on economic expansion. Expansion of the modern economy is more and more dependent on intellectual resources. The economy cannot develop significantly in the absence of educational development.

Expansion of the economy is of overall importance and the work in various fields, including education, should be subordinate to or serve this end. In educational work, the viewpoint of either surpassing the needs and possibilities of economic development or lacking a long-term view is detrimental to economic growth and educational development because it fails to view things from the overall situation of economic development.

Break Away From the Vicious Circle in Which Economic Backwardness and Educational Backwardness Serve as Both Cause and Effect for Each Other and Form a Benign Cycle in Which Economic Growth and Educational Development Are Mutually Supportive

With regard to educational development, the central authorities put forth to the whole party the task of stressing far-sightedness, in particular, to

party leaders at various levels. This is very important. Because of the backward situation of China's economy and education, this question of far-sightedness has become more important.

In a backward economy there can hardly be ample financial and material resources to develop education. This will lead to educational backwardness, and with backward education, intellectual resources can hardly be exploited. Economic growth lacking intellectual support will lead to economic backwardness. Herein lies the reason for the tremendous difficulty confronting developing countries: a growing educational gap between developing and developed countries.

If we lack a long-term view, we shall fall into the vicious circle in which economic backwardness and educational backwardness serve as both cause and effect to each other, and we will be unable to extricate ourselves from it. With far-sightedness, daring, and resolution, it is entirely possible for us to break away from the vicious circle and to steadily switch to the benign cycle in which economic growth and educational development support and complement each other. This is precisely what we must work hard to attain.

Will this proposition be at variance with the viewpoint of economic development playing a decisive role? Certainly not. In expounding man's dynamic role in war, Comrade Mao Zedong said: "In seeking victory, those who direct a war cannot overstep the limitations imposed by the objective conditions; within these limitations, however, they can and must play a dynamic role in striving for victory. The stage of action for commanders in a war must be built upon objective possibilities, but on that stage they can direct the performance of many a drama, full of sound and color, power and grandeur." What he said here deals with materialist dialectics on the question of war. In regard to the question of construction, we should also master and apply materialist dialectics on objective possibilities and man's dynamic role.

I remember an old person cited his mother as an example to illustrate the necessity of attaching importance to education. He said: In using the limited income of their family, his mother would always save something for her five children's educational fees before she made plans for other expenditures. She was a far-sighted mother. Of course, it must be pointed out that there was a prerequisite: She had to ensure that all members of the family had at least enough to eat and wear and she had to ensure that they had the most basic conditions for carrying out reproduction if they are engaged in production and if the family was short of money, she had to ensure that some of her children received a basic education based on their own abilities. These are the limitations imposed by objective possibilities. Within these limitations, however, whether or not one has exerted his utmost efforts to allow his children to receive an education is a matter of whether or not one has foresight and sagacity. Compared with a better-off family without knowledge, a family which is not so well-off but is far-sighted is more capable of letting its members receive more education and develop better. This is true in the case of managing a household and even more so in the case of running the country. The central decision points out: "Some leading cadres at various levels who do not find it distressing to see waste in various areas

would rather spend money where it is not really needed than spend it on educational development. This state of affairs must be changed." This requires us to resolutely correct the ignorant and short-sighted viewpoint concerning educational development in the course of running the country.

Our current urgent task of developing education is based on the needs and possibilities of China's economic development.

At present, the needs for education and qualified people have been acutely felt by many people in various ways. Considering that the modernization program is progressing rapidly and it will take a rather long time to train qualified people, educational development should start before other undertakings. Only thus can it make early preparations for the future needs of China's economic and social development. Of course, both current and approaching future needs are objective facts. However, whether or not people recognize the objective needs, whether or not they reach a certain level of understanding, and whether or not they have a sense of urgency in this regard are subjective matters.

As for possibilities, it must be noted that although the level of China's economic development is still not high and there are difficulties in various areas, China's economy has developed fairly satisfactorily over the last few years. The possibility of spending more financial and material resources than before on developing education objectively exist. Of course, as with objective needs, there are also problems with these objective possibilities, such as whether or not people recognize them and whether or not they reach a certain level of understanding in this regard.

Therefore, what counts is far-sightedness. With far-sightedness, people can understand the importance and urgency of the needs and make full use of the possibilities provided by the economy, which has gradually changed for the better in developing education. Without far-sightedness, people will not necessarily pay attention to developing education if even the economic strength has been enhanced. In some localities which have become better off before others, nobody cares about repairing the worn primary school buildings, but quite a number of temples which are of no relic value at all have been repaired. Is this a rare occurrence?

Support Educational Development in Material Terms and Bring About an Upswing in Education on the Basis of Limited Material Conditions

Proceeding from the needs and possibilities of China's economic development, the central authorities decided to increase investment in education and stipulated: "For a certain period of time in the future, the funding of the central and local governments for education will grow at a rate faster than that of the regular state revenue and the amount spent on each student will gradually rise too." This is an important policy decision to support educational development in material terms.

The proportion of our country's educational expenditure in the total state expenditure was 6.24 percent in 1965 and about 5.8 percent in the 14 years

between 1966 and 1979, including 6.04 percent in 1979, lower than the 1965 level. Over the last few years it has gradually increased. It reached 9.89 percent in 1983 and recorded another increase in 1984. Because of the long-standing excessively low proportion of educational funds and too many accumulated outstanding accounts, funding for education is still far from meeting the needs of educational development, although it has increased considerably over the years. Now the central authorities have decided to increase the funding proportion. Increasing the annual funding for education at a rate faster than the regular state revenue in the same year will help raise the proportion year after year. The central policy decision is entirely necessary and in compliance with the demands of economic development and the aspirations of the masses of people. Without being so, it would be unable to put an end to the backwardness of our educational undertakings resulting from the longstanding negligence in educational investment and to the situation of education being incommensurate with the needs of economic and social development.

Why should we only stress "for a certain period of time in the future"? This is because the increase of investment in education which claims precedence over all others, as mentioned above, is an increase of a readjustment nature. It naturally has to be confined to a certain period of time. When the proportion has reached a rational numerical value through readjustment, that is, the limitations imposed by economic development, it is no longer necessary to generally stipulate that the proportion of education funds should continue to be increased every year. It is only natural that the specific value cannot be increased endlessly. As for how much the rational numerical value is and how much time it will take to readjust the proportion to reach this numerical value, these are a matter that needs to be studied and decided according to actual conditions. Moreover, the numerical value will not always be a fixed one. After the level of economic development is significantly raised, the proportion of education funds will grow accordingly. The same is true of the case of state expenditure or household spending. This is growth of another character, different from the question of disproportions in funding for education which is being solved at present.

The stipulation that "the amount spent on each student will gradually rise too" is particularly important. This is because with the development of education, the number of students in schools will increase. Such being the case, if the growth rate of education funds falls short of that of the number of students in schools, the amount spent on each student will decline. Now the average per capita numerical value of education fees for middle school students is lower but the prices of educational facilities and things for educational use are higher than in the early 1950's. Therefore, there has been a big decline in the real level of education spending. The central authorities decided to reverse the trend in which the growth of funds allotted for education falls short of that of the number of students in schools and demanded that the amount spent on each student be gradually raised. This is a policy decision with extremely important real substance.

The two above policy decisions, coupled with such policy decisions as "the township revenue should be used mainly in education" and "the localities are

allowed to collect extra charges for education" indicate the determination of the central authorities to do their best to support educational development in material terms within the limitations imposed by economic development. We must implement these central policy decisions resolutely and conscientiously and on no account must we treat them lightly and carry them out perfunctorily. This is a matter of attitude toward the inviolability of the central decisions.

While deciding to increase investment in education, the central decision emphatically pointed out: "It must be recognized that our country's educational investment is invariably restricted by the level of our economic development and the situation in which there are financial difficulties in running schools and in which teachers' wages and conditions are relatively low and poor can only be improved step by step. Therefore, the problem at present is how to bring about an upswing in education by making the most of our limited financial and material resources and how to meet the needs of the socialist modernization program."

That is to say, the central authorities have placed high hopes on the leaders at various levels and the vast numbers of cadres on the educational front and urged them to direct the performance of the drama of bringing about an upswing in education, a drama full of sound and color, on the stage built upon limited material conditions.

Reform is aimed at performing the drama well. Through reform we must better arouse the enthusiasm of governments at all levels, the masses of teachers, students, administrative personnel, and workers, and all quarters of society and encourage them to find more solutions to problems, to tap potential, and to run educational undertakings in a satisfactory way. Educational development depends on financial and material resources in many ways. Apart from state funding for education, it is advisable, through the current reform, to mobilize the localities, departments, state-owned enterprises, collective enterprises, businesses, social organizations, institutions, and even individuals to pool their funds and material resources to run schools on a rational and voluntary basis. There is also the question of investment returns in the use of financial and material resources in developing education. Through reform, it is necessary to gradually rationalize the various irrational patterns and management in education and to steadily change the situation in which there are both fund shortages and wastages in running schools. This will help greatly raise the returns on investment in education. Efforts should be made to run more educational undertakings in a better way using our limited financial and material resources. Many problems in educational development, such as the improvement of the quality, substance, and methodology of education, the implementation of various educational policies, and the betterment of the leadership work in education are not necessarily solved mainly by relying on financial and material resources. Therefore, more efforts should be made to solve the above problems through the current reform. Some leaders who unduly emphasize the importance of education funds are reluctant to seriously think of ways to bring about an upswing in education under the situation of limited financial and material resources for educational use. This mentality of attempting

nothing and accomplishing nothing is incompatible with the requirements of reform.

Education is an undertaking supported by the state and society. Therefore, the state and society have the responsibility to give schools necessary material assistance as far as possible. The latter should do their best to promote education well with the assistance. In order to improve the material conditions for running schools, some schools where conditions are ripe earn some economic benefits by running factories or farms and providing technology as a commodity or intellectual service. This is permissible and useful. It is necessary to offer correct guidance to practice in the course of reform. The precondition for practice is that it should be carried out so rationally that it will help the teachers in their teaching and the students in their study or at least not hinder teaching and study activities. There is an important passage in the decision: "In the course of the whole educational structural reform, we must firmly bear in mind that the fundamental aim of reform is to raise the quality of the nation and to train more qualified people, more outstanding talented people. The fundamental yardstick to measure the work of a school is the quantity and quality of the qualified people the school trained rather than the amount of economic results it earned." If people depart from this fundamental aim and yardstick, regard seeking profit as their aim, and proceed not to mind doing harm to teaching and study for the sake of profit, or even go so far as to infringe upon the interests of the state and the people by inappropriate means, this will mean promoting unhealthy tendencies under the pretext of conducting reforms. Only when these malpractices are resolutely checked can the correct orientation and healthy development of educational reform be ensured.

The Economy and Education Develop Unevenly, So It Is Necessary To Allow Some Localities To Develop Their Economies and Education Before Others

The question of uneven development was an important strategic issue in the course of the Chinese revolution and it is still so in the course of our construction. At the 3d Session of the 11th CPC Central Committee, Comrade Deng Xiaoping advanced the strategic idea of allowing some localities to become better off before others. Over the last few years since then, marked achievements have been scored in our country's economic development and greater achievements will be made in this respect in the future. With this strategic idea being applied to educational development, the central decision sets different demands on different localities in developing education and advocates that it is necessary to encourage some localities to develop education before others.

The uneven economic development decides the unevenness of educational development. In the past we attached inadequate importance to the phenomena of unevenness which were objectively existent and the laws governing uneven development. When working out plans for educational development, we would always set general and not specific demands. Consequently, since the economically developed areas had accomplished or could meet the demands we set with some efforts exerted, our demands were not appealing at all to them

and failed to spur them to advance. As for particularly economically backward areas, mountain villages, and outlying districts, the demands we set were too high and too far from their possibilities to accomplish, and forcing the latter to accomplish the demands would run into various difficulties. However, some of our leaders, unable to overcome these difficulties, would more often than not easily become short-sighted. In developing education, they invariably hope the authorities concerned set demands as low as possible and see only the difficult side of things. This idea is not in conformity with the needs of leading educational development.

Now the central authorities are directing educational development according to the strategy of uneven development. This has helped free our minds. According to the central decision, the country is divided into three categories or areas in accordance with the level of their economic development and three different demands are set on them in introducing 9-year compulsory education. This principle is correct for the introduction of compulsory education and the same is true of the case of developing higher education, secondary professional education, preschool education, and adult education. The central decision points out: "Not only must we acknowledge the unevenness of economic and cultural development between provinces, municipalities, and autonomous regions throughout the country, but we must also acknowledge that the development varies from province to province, from city to city, and from county to county." In other words, not only must we not set general and indiscriminate demands on the national education development, but we must also set different demands on the educational development of each province, city, or county according to their actual conditions. The divisions of the three categories of areas is not formed using the province as a unit. Therefore, the areas in the first category are "the economically developed areas in the various coastal provinces and few hinterland developed areas" rather than "the various coastal provinces." This is a minute division. This minute division enables us to set the objectives of educational development separately for the areas of various categories by proceeding from the needs of their economic development and their capabilities to develop the economy. These objectives can be attained so long as the specific areas exert their efforts. They can spur all areas on to forge ahead and avoid the areas from containing each other in their development.

Allowing some localities to develop their economies and education before others will help form a powerful economic and cultural force in the specific localities. This will play a tremendous role in developing the country's economy and culture and be a great help to the development of the less developed areas. Encouraging some localities to develop education before others and at the time encouraging the localities which have become developed before others to help the less developed ones will on no account impede the common improvement of the level of the nation's educational development. On the contrary, it is precisely the best way to promote the common improvement of the level of the nation's educational development.

With the reform of the economic and educational structures, all localities will have greater power and responsibility as well as more plausible possibilities to tap their economic and cultural potentials and to speed up the

development of educational undertakings. The uneven economic and educational development is not only decided by the existing objective conditions of the different localities for economic and educational development, but also by the experience, ability, and methods of the leaders of the different localities in leading economic and educational development. Leaders of the different localities have directed the performance of many a drama, full of sound and color, depicting their efforts to bring about an upswing in education in their localities, on the stage of their objective possibilities, by bringing into full play their own roles. In nationwide terms, this is what is meant by joint performance. Through joint performance, various localities can jointly perform a drama full of sound and color, to bring about an upswing in the nation's education by comparing and exchanging with, learning from, and helping each other forward.

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WHY SHOULD WE MAKE GREAT EFFORTS TO DEVELOP VOCATIONAL AND TECHNICAL EDUCATION?

Beijing RED FLAG in Chinese No 13, 1 Jul 85 pp 25-28

[Article by Tan Shaowen [6223 4801 2429]]

[Text] The "Decision of the CPC Central Committee on Reform of the Educational System" regards the readjustment of the secondary educational structure and the active development of vocational and technical education as a focal point of the educational structural reform. This reform will surely pound at the traditional educational ideology shaped over the years in our country, break through the outdated educational mode which does not suit the needs of the four modernizations, and accelerate the development of the educational cause as a whole.

With the change in the party's focal point of work, Tianjin municipality has begun to have an understanding of the importance of vocational and technical education, and vocational and technical education there has also undergone quicker restoration and development. However, because, over a long period of time, we did not set forth necessary political, cultural, and technical requirements for employees, and there has been a deep-rooted, outworn concept, left over from history, of despising vocational and technical education, the present development situation of vocational and technical education still cannot quite suit the needs of the four modernizations. Therefore, it is necessary to fully recognize the drawbacks of the unitary educational structure and the serious harmfulness of despising vocational and technical education, to understand deeply the important position and role of vocational and technical education in building the four modernizations, and to conscientiously foster new concepts of education, employment, and training qualified people.

1. Developing Vocational and Technical Education Is an Urgent Need of Economic and Social Development

Education should be geared to the needs of the modernization drive, the world, and the future. This is the fundamental guiding ideology of the educational cause as a whole. It profoundly reveals the objective law that education must suit the needs of economic and social development. The "Decision" points out: "Socialist modernization not only needs senior

scientists and technical experts, but also urgently needs thousands upon thousands of intermediate and junior technical and managerial personnel, technicians with sound vocational and technical education, and other urban and rural laborers with sound vocational training. Without such a technical work force, advanced science and technology and equipment just cannot become practical social productive forces." This further tells us that developing vocational and technical education and training various qualified vocational and technical personnel necessary to economic and social development is of an importance not to be ignored in enhancing national quality and quickening the pace of the four modernizations.

The demands of the four modernizations for various qualified people at different levels should be rationally proportioned and well organized in structure. Generally speaking, a rational structure is that senior, intermediate, and junior experts and technicians assume the shape of a pagoda in their given order. Thereby, various qualified people can take their proper places and fully display their roles. Judged by the situation in Tianjin, the phenomenon of reversed proportions of qualified people is rather serious. In 1984, the proportion of senior to intermediate professional technical personnel in the whole city was 1 to 0.9. In many enterprises and institutions, there is an abnormal situation of engineers outnumbering technicians. Therefore, some engineers have to do the jobs of technicians, or even skilled workers, resulting in a waste of human talent. In the existing contingents of workers in Tianjin, more than half the total number of workers are junior workers, and many production tasks at which only skilled workers at intermediate level and above are competent have to be undertaken by junior workers; and because of a lack of high-level skilled workers, the capacity of some advanced sophisticated equipment has not been brought into full play. This has all seriously affected the improvement of labor productivity and product quality. In 1984, the proportion of students on the campuses of universities and colleges to students on the campuses of technical secondary schools (including students on the campuses of vocational secondary schools) in the whole city was 1 to 0.66. Therefore, the structure for training qualified people is also very irrational. Judged by the needs of current economic and social development, Tianjin still has a long way to go, whether in terms of the quantity of its intermediate technical personnel or the capacity for training them. According to an initial investigation conducted in several trades, by 1990, training capacity at the present level can at most meet about 50 percent of the demand for qualified vocational and technical people at that time. Intermediate-level technical and managerial personnel of special professions like accounting, business management, preschool education, nursing, tourism, environmental protection, microcomputer application, foreign trade, finance, navigation, harbors, and so on will be more scarce. With the development of tertiary industry, commerce and service trades will need more and more qualified vocational and technical personnel. The rural economic structural reform has enabled the rural production structure to be transformed from monoculture to comprehensive economy, and the vast numbers of peasants urgently need to be provided with science and technology. A large number of technical and managerial personnel at intermediate and junior levels need to be trained for them.

In order to vigorously develop vocational and technical education, we must cultivate a new attitude toward labor and employment. With the development of productive forces and the progress of society, the requirements for workers also change. With the introduction of mass production in industry, the scale of production in society has become larger, the division of labor more elaborate, and the requirements for knowledge and technology higher. Therefore, the previous conventional employment modes and methods of passing on skills, such as "fathers teaching sons" and "masters bringing up apprentices," already cannot completely match the needs of the new productive forces for cultural and technical qualities of workers. Just as Marx said: "In order to change the inherent quality of ordinary people and give them skills and techniques of specific labor departments, so as to become developed and specialized laborers, it is necessary to have specific education or training." ("Complete Works of Marx and Engels," Vol 23, p 195) At present, we are confronted with the challenge of the world new technological revolution, and the achievements of modern science and technology are being intensively used in the sphere of production. In order to keep abreast of the new situation, it is more necessary to provide employees with rigorous special training before hiring them and to cultivate a new attitude toward labor and employment that "one must first receive training before getting a job." If it is said that previously people could still manage, with an effort, to be employed without vocational education, under the condition of our country's economy constantly developing and technology improving, if people continue taking up jobs casually, it will be very difficult for them to prove competent at jobs. Judged by the needs of the industrial and agricultural development in our country, developing vocational and technical education has become extremely urgent.

2. Developing Vocational and Technical Education Is an Objective Requirement of the Educational Cause Itself

Developing vocational and technical education is also an objective requirement of the educational cause itself. The previous unitary secondary educational structure has brought many difficulties to the development of the educational cause itself. Several years ago, the proportion of senior middle school candidates taking the entrance examination for higher education in Tianjin to actual student enrollment was 10 to 1, leaving the overwhelming majority of candidates outside the threshold of higher learning. Because most middle schools one-sidedly ran after the higher-school enrollment ration and many of their curricula were arranged centering on enabling their students to enter schools of a higher grade, most unsuccessful candidates could not apply what they had learned to society and transform it into the ability to solve actual problems. In other words, the unitary secondary education, in fact, only benefited the minority to the neglect of the majority, affected the overall improvement of educational quality, and restricted the development of the educational cause. In recent years, Tianjin has conscientiously readjusted the secondary educational structure and gradually changed some of the ordinary senior middle schools into vocational and agricultural vocational schools. By 1984, schools of this category numbered 108, with students on the campuses topping over 14,000. In urban areas, students on the campuses of various vocational and technical

schools accounted for 44 percent of the total number of students on the campuses of senior middle schools. This year, the proportion of student enrollment at various vocational and technical schools in urban areas to student enrollment at ordinary senior middle schools will be 1 to 1. Therefore, the proportion of senior middle school candidates taking the entrance examination for higher education to student enrollment at universities and colleges will basically become 3 to 1, and the conventional pattern of unitary secondary educational structure has been preliminarily smashed. As a result, some ordinary middle schools which were not previously well-run have now begun to have vitality and specific characteristics after being transformed into vocational schools; and some students who previously worried that they would not be admitted to a university and therefore would become jobless have become "hot cakes" pursued by many units for employment after receiving vocational and technical education. Within the whole city, the employment rate for students who graduated from vocational schools in 1983 and 1984 reached an average of 95 percent. This has proved that vigorously promoting vocational and technical education will not affect the quality of new students at universities and colleges, but will let the majority of students who have no way of receiving higher education cast off their labels of "job-awaiting." Therefore, it is welcomed by students, parents, schools, and society, and has become an important way of prospering and developing the socialist educational cause.

As a large system, education generally includes several component parts such as ordinary education, vocational and technical education, higher education, and adult education. The development of the educational cause as a whole requires a rational distribution and structure among these parts. Within the educational system as a whole, vocational and technical education has an irreplaceable position and role not to be ignored. Compared with ordinary education, it has several distinct characteristics: First, it has more direct and closer links with economic construction and social development. Students of vocational and technical schools should go through special training before graduation, so that they both have basic cultural knowledge and master some special knowledge and skill in production. Thereby, after they are hired, they can very soon prove competent at their jobs and play a promotive role in raising labor productivity and economic effectiveness. Second, it has rather strong flexibility and adaptability. Information about the demand for qualified people in all trades and professions can be reflected in a relatively timely way in vocational and technical education. Vocational and technical education can, in accordance with changes in society's demands for qualified people, carry out self-readjustment in the scale of schools, the setting up of specialties and the length of schooling. In the past 2 years, vocational schools in Tianjin, in the light of demand, have added some urgently needed specialties like accounting, nursing, preschool education, management, and so on, and a number of specialties suitable for the development of tertiary industry, like clothing, cooking, tourism, and so on. Third, because students of vocational and technical schools have explicit employment objectives and their school records are generally linked with their employment opportunities, their enthusiasm for study is relatively high. Fourth, vocational and technical schools have broken the educational departments' monopoly in

running schools and aroused the enthusiasm of every section in society for running schools jointly. At present, of the 55 vocational schools in Tianjin's urban areas, 22 are jointly run by educational departments and vocational departments. This pattern is advantageous to displaying the superiority of both parties running schools and complementing each other. As a result, teaching quality can be guaranteed to a certain degree and the employment problems of graduates can also be easily solved. These above-mentioned characteristics are exactly where the vitality of vocational and technical education lies.

3. The Development of Vocational and Technical Education Has Opened Up a Broad Road for Numerous Teenagers To Become Qualified People

The fundamental aim of the educational structural reform is to raise the national quality and train more and better qualified people. As for what qualified people are, we must have a comprehensive and correct understanding. At present, some people believe that only people with higher education or above are qualified people and regard studying in universities or colleges as the only path. Some other people believe that only experts, scholars, and famous actors and writers can be called qualified people, and that those numerous people doing ordinary work cannot be called qualified people, even though they have special skills or knowledge and have made outstanding achievements. And some other people believe that one trade can produce qualified people and another trade cannot. This kind of narrow view has seriously hindered the development of vocational and technical education. The qualified people we are talking about should refer to those people who possess genuine knowledge regarding understanding and transforming the world and who are able to make real contributions. Those people with higher education or above and with real ability and learning, and noted scientists, writers, artists and athletes are certainly qualified people, but those people who never received higher education but who have real ability and learning, and those people working in all trades and professions, like industry, agriculture, commerce, and so on, who possess knowledge and understand techniques and are skilled at their jobs and able to make contributions are, equally, qualified people. In a socialist society, as long as people cherish ideals and endeavor to gain professional proficiency, they can all become qualified people in their own fields. Only by fostering such a concept of qualified people in a broad sense can we broaden our horizons and truly understand the special role of vocational and technical education in training hundreds of millions of qualified people of all kinds and at different levels.

Because teenagers have different natural endowments, hobbies, and dispositions, grow in different environments, and are affected by different social influences, they are different from one another. For instance, some people are good at thinking in abstract terms, while some others are good at thinking in terms of images; some people are skilled in technical work, while some others have a talent for business management. Therefore, our educational cause should conform to the laws of development of various qualified people and open up various channels for the growth of various qualified people. If we do not adopt varied appropriate training methods

in the light of people's different qualities, or even ask them to discard the use of their strong points and force them to learn something which they are not good at during the educational process, we will hold up and stifle many people who are able to become qualified people. Precisely by integrating "teaching students in accordance with needs" with "teaching students in accordance with their aptitudes" in a better way, vocational and technical education can provide schools and create conditions for qualifying for the majority of students to fully develop their strong points and talents.

Vigorously developing vocational and technical education not only will not restrict the growth of talented people but also will be advantageous to the overall development and constant improvement of students. First, at present, secondary vocational and technical education in our country is generally available to junior middle school graduates. Although students have already acquired some scientific and cultural knowledge in junior middle schools, vocational and technical schools of all kinds should also continue to offer some general knowledge courses in the right proportion, so as to make the students' cultural level equal to that of senior middle school. Second, the aim of secondary vocational and technical schools is to bring up qualified people who develop in an all-round way and have some comprehensive knowledge and relatively strong adaptability within a given scope, instead of merely training "handicraftsmen." Third, graduates from vocational and technical schools still have opportunities to further their study and improve themselves. They can enter themselves for examinations of vocational and technical colleges of higher learning and ordinary colleges and universities. Even after being employed, they can still continue to improve themselves through workers' universities, television universities, and correspondence universities. In a word, vocational and technical education has opened up a broad road for numerous teenagers to become qualified people.

To sum up developing vocational and technical education is not determined by people's subjective desires, but instead is an objective requirement of the development of socialist modernization and the educational cause itself, and is an inexorable trend of social progress and development of the times.

In summarizing the practice of developing vocational and technical education in Tianjin, we have come to realize that in addition to constantly enhancing people's understanding, there are four questions meriting special attention. First, it is necessary to calculate the demand for qualified people in the light of the needs of local economic and social development and, on this basis, to draw up development plans for vocational and technical education and bring it into line with the national economic and social development program, so as to ensure vocational and technical education develops permanently and steadily. Second, it is necessary to make vocational and technical education and ordinary education have a system of rational distribution, to make the training of qualified vocational and technical people at senior, intermediate, and junior levels rationally proportioned, and to make vocational and technical schools of all kinds develop in a coordinated way. Third, in developing vocational and technical education, it is necessary

to handle well the relations between quantity and quality and between demand and possibility. Vocational and technical education is confronted with a situation of great development, and therefore it is particularly necessary for us to sum up historical experiences and lessons to avoid major ups and downs. We must proceed from the actual situation in every locality and should not "seek uniformity." While developing quantity, we must guarantee quality, and on the basis of raising quality seek consolidation and development. Fourth, it is necessary to study and formulate policies concerned. For instance, policies concerning employment, educational departments and vocational departments jointly running schools, the building of teaching contingents, educational funds, and so on should all be conscientiously studied and resolved in the light of the principles stipulated in the "Decision of the CPC Central Committee on Reform of the Educational System."

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FUTUROLOGY AND THE STUDY OF THE FUTURE

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[Article by Sheng Hengyan [3088 1854 3508]]

[Text]

I

In the past 30 years, great changes have occurred in nearly all the fields of science and technology. Scientific and technological progress has revealed an attractive picture for human society and produces intensive effects on the development of modern society. In line with the objective state of the rapid and sharp development of science and technology, a comprehensive course of study, futurology, has risen in foreign countries.

Futurology is also known as the science of forecasting of the future. It has a history of about 30 years. Although early in the 1940's the term "futurology" was first advocated and used by the German scholar Ossip Flechtheim, it was not formed into a branch of learning until the 1950's, in particular, at the end of the 1950's when the new technological revolution began in the West. At that time, the study of prospects for the development of science and technology became extremely urgent. Accompanying it, futurology developed rapidly in the West.

An important reason why futurology is highly esteemed in Western society is because of its economic results. According to estimates, the results obtained from the use of the forecasting methods are 5,000 percent higher than the cost involved in forecasting. Conversely, a lack of the necessary forecasting may lead to serious economic consequences, directly affecting the development of science and technology. For example, the planning and construction of a new chemical complex requires 10 to 15 years. Failure to foresee the development of the chemical industry 10 to 15 years hence may result in this type of enterprise becoming outdated by the time of its completion. Or, take the electronics industry for example. In the past, at the time of the discovery of the atom, the cost of the experimental equipment was only several thousand dollars. Now, in the research on elementary particles, modern equipment costing several hundreds of millions of dollars must be used. Hence, if the necessary research into the future and scientific forecasting are not carried out and if as soon as equipment costing hundreds of millions of dollars in construction is completed, it is found

to be already outdated, then the national economy will suffer serious loss. In order to prevent the occurrence of various kinds of problems, it is necessary that the various trades and industries do the necessary forecasting which may be in various forms--near-term forecasting, intermediate-term forecasting (generally 5 to 15 years) and long-term forecasting. Thus, futurology has gradually become a large newly born course of study of a comprehensive nature.

The objective of the study of the future is precisely to forecast the future on the basis of current world conditions. For example, it is to forecast new inventions and new discoveries of science and technology in the future and the fields of their application; it is to forecast the effects of the development of science and technology on the economy and the consequences therefrom on the various phases of social life; it is to forecast the future changes of the world and how society will develop in the future; and so on. Again for example, in the mid-1960's, Western scientists, based on the then existing scientific level, made forecasts of future scientific development. Of them, man's landing on the moon, use of permanent communications satellites, and so forth, all successively came true; delightful results have also been achieved in such other projects as the desalination of sea water, making of synthetic protein, and so forth. Futurologists are also engaging in making forecasts of the scientific results from the 1980's to the end of this century: By that time it will be possible to basically cure diseases such as cancer and ailments of the heart and blood vessels, control of the genetic constitution of an individual and creation of new varieties of artificial animals and plants, establishment of synthetic food plants, exploitation of raw materials from the seabed, development of global ballistic transport and communications, establishment of space factories, setting up of a permanent base on the moon... In their forecast of scientific development in the next 50 years, they believe that apart from the use of solar energy and other clean and practically inexhaustible energy sources, fusion reactors and breeder reactors will provide man with all the motive power he needs; there will appear a new type of robots which possess artificial sight, touch and intelligence; scientists will devote their efforts to research on the making of molecular logical components and the components will take the form of protein molecules or other types of molecules; once this molecular road is opened up, it will be possible for mankind to manufacture computers with functions similar to those of the human brain, and so on.

Through revealing the "internal reciprocal relations of a phenomenon and its causes" and the "most important factors determining the trend of future development," scientists will be able to forecast future events and how they will happen, and differentiate between those events that naturally will happen and those that can be controlled. The formula of the study of the future is: "present-future-present," that is to say, starting from now, considering the future, and attending again to the present, so as to adopt various kinds of measures to meet future development and changes and to select and control the trend of future development.

Study of the future and social development are closely related to each other. The study of the future includes all of the following: future education and culture, labor and employment, family and society, municipal and residential construction, population, resources and energy, communications and transportation, spatial development, environmental protection, ecological equilibrium, and so on and so forth. Hence, the study of the future includes natural sciences, technical sciences, social sciences and the vast areas of social practical application and touches many fields, including politics, economics, social affairs, military affairs, psychology, and culture. Precisely because of all this, the study of the future is also called intersecting or overlapping science.

Although the study of future social development touches on many problems, the main emphasis is on such problems as ecology, energy and resources, grain and so forth. Since the views on these problems vary, in the study of the future concerning them there are different viewpoints and different schools of thought.

The school of pessimists believes that by the first decade of the 21st century, mineral resources will be depleted, grain production will cease to expand, and there will be no way to remove environmental pollution. To avoid these catastrophes, it will be necessary to achieve a "global balance." They advocate a drastic reduction in population growth rates and in industrial production growth rates, making them reach only the simple reproduction level of man and machines. The Club of Rome made public a research report on the "Limits to Growth," in which a stern evaluation of future development is made, and has thus earned the title of representatives of the school of pessimists.

On the other hand, the optimists believe that certain risks are unavoidable, such as overpopulation, shortages of food and energy, environmental pollution--even atmospheric changes, and so on, but man can overcome various kinds of unprecedented challenges. Some scholars have pointed out: "On the face of our planet (with a diameter of 8,000 miles) our deepest mine (exceeding 7,000 feet in depth now) is but a pin hole. Any discussion of our shortage of certain elements and minerals is obviously absurd." Moreover, it is possible that mankind will begin to develop new types and even higher stages of science and technology and which would make the reevaluation of our mineral reserves estimates necessary. The more extensive use of solar, wind, tidal and geothermal energy is also quite possible; even assuming that the existing resources on land (food, fresh water, and raw materials) cannot meet man's needs, we still can turn our vision to the oceans, make use of the living things in the oceans, turn to desalination of sea water, and deep-sea mining, and so forth, to bring benefit to mankind.

In 1980, the first world conference on the future was convened in Toronto Canada. Pessimists and optimists met separately in different conference rooms and aired their views to the participants, acting more or less independently and defiantly against each other. In reality, the viewpoints of these two parties are not diametrically opposed to each other, and in recent years they have tended to approach each other. A pessimist,

Aolelio [1159 7191 6849 1159] Beiqieyi [6296 0434 0122] pointed out that only if mankind can rationally use the resources, the crisis can be avoided. In his opinion, it is necessary to establish a new economic mechanism, to restore an equilibrium between man's needs and economic activities as a whole and between the economy and the environment, and at the same time readjust East-West relations and North-South relations.

II

In recent years, the study of forecasting the future has come into extensive use in Western society. In the study of the future, great imagination has been employed while at the same time and whenever possible large amounts of data and statistics have been relied upon. The Austrian scholar Robert Junker divided imaginative power into three categories, namely, logical imagination, critical imagination, and creative imagination. In his opinion, we cannot depend on the use of one kind of imagination but should use all three kinds of imagination. Only by so doing can we obtain more perfect results from the forecasts. Following the progress of science and technology, and the development of the study of the future, the methods of and measures for making forecasts will increase in number.

At present, in foreign countries the forecasting methods are generally divided into three groups: The first group makes use of time and space statistics to forecast the future, that is to say, extrapolating the historical development of the present and the past into the future and, on the basis of the results of the extrapolation, forecast future developments. The second group utilizes the mathematical pattern. By means of the use of quantitative analysis, the various changes in trends or developments and the development of the relations between these changes and the objects of the forecast are studied thereby arriving at a forecast. The third group utilizes the "script" or "scenario" method (also known as the prospection scheme and the technique of imagining future settings), that is to say, utilizing rich imagination to make an overall examination of the different kinds of future suppositions and possibilities and, on the basis of the fruits of the research, making a forecast of the future.

At present, the forecasting methods used in foreign countries number as many as 100 or 200, but only about 20 of them are in use extensively. Some of the methods have different names, but the governing principle is more or less the same. Among these forecasting methods, Western countries mostly use the following:

1. Forecasts by a session of specialists, that is, through a meeting of a small group of specialists to make a forecast. It does not represent the views of any one single individual; rather, it is the result of a group discussion by many specialists. For example, we may cite, in the political sphere, meetings of specialists and policy-making personnel in government departments on important political policies; in the economic field, collective surveys made by economists and specialized personnel on the trend of development of important economic events; in military affairs, joint-staff meetings of the chief-of-staff and field commanders on military actions; in

the medical sector, consultation meetings of medical specialists on treatment of difficult and complicated illnesses, and so on and so forth. These diverse forms of research and study on special problems may all be considered as applications of the method of forecasting by a meeting of specialists. This method of forecasting facilitates the exchange of ideas and mutual enlightenment. Because it collects together diverse and extensive views and facilitates the display of the wisdom and knowledge of various specialists, its forecasting results are relatively speaking correct and thorough. Nevertheless, occasionally this method of forecasting can be affected by outside psychological factors. Under the influence of the judgment and views of other specialists, the individual's experiences, knowledge and special talents frequently cannot be displayed well and the influence of this kind of psychological factors may prevent the individual from fully expressing his judgment and views and appropriately contributing to the forecast.

2. In Adelphi method, forecasts are principally made through investigating and surveying. It rectifies to a great extent certain defects found in the method of forecasting by calling meetings of specialists. Since it does not call for face-to-face discussions, it removes the influence of needless worries and psychological factors, and can thus bring the individual wisdom and special talents of the specialists into full play, increasing the accuracy of the forecasts. The Adelphi method, based on the problems that are to be queried, plans and prepares a questionnaire form containing a list of queries. The form is sent to various specialists asking for their reply. Upon the return of the questionnaires those in charge will summarize and put in order the views of the specialists, remove insignificant queries and answers, plan and prepare another round of questionnaires to be sent to the specialists. The process is repeated 3 or 4 times (either less than 3 times or even more than 4 times according to need). Finally, on the basis of the views of the majority of the specialists, the ultimate conclusion on the prospects for future developments is obtained, thus attaining the objective of the forecast. This controlled questionnaire method, from beginning to end, revolves around a definite objective and the specialists only have to answer the questions on the questionnaire. For example, the specialists, in accordance with the queries listed on the form, will estimate the date of the occurrence of an event and its causes. If the estimate made on a certain event already has a time scope, the specialists may estimate the trend of development of the event either before, or after, the given time scope, or may even estimate that the event will not occur. In the early 1950's, the U.S. Air Force entrusted the Rand Corporation to conduct research into how to make use of the views of specialists; this research plan was known as the "Adelphi plan." This plan facilitated the subsequent ripening and developing of the Adelphi method. In 1957, the Rand Corporation, on the basis of the specialists' views, made a forecast of the date of the Soviet Union launching a man-made earth satellite. The forecast missed the actual launching date by only 14 days.

3. The family tree technique, also known as the tree-diagram method. It makes use of charts, listing the various objectives that can possibly be realized and the methods and programs for solving the problem. The family tree technique is a common research method for modern logical analysis.

Like the trunk of a tree emerging from a single point (condition or state), it graphically depicts various branches which represent the various conditions that can possibly occur, and is thus applicable to studying the logical possibility of the occurrence of certain events. On the basis of the differences in the objects of the forecast, the state of the density of the branches of the tree-trunk also varies. Complex problems generally require the graphing of a large number of branches. These branches are in many layers. Their horizontal relations must be considered and their vertical relations must also be considered. Though in many layers, they nevertheless form a united body, serving the general objective of the forecast. In making important policy decisions on large construction projects, important economic problems, and problems on scientific and technological development, the family tree may be employed. For example, in the building of large dams, and in regard to the problems that may arise therein on the economic results and the ecological balance as well as the programs and means for solving these problems, the family tree method may be employed to make a detailed study and analysis, so as to provide the policy maker with a clear vision to make the best decision on the basis of the results of the forecast.

4. The model simulation method. This has different types, such as the statistical model, operational model, development model, quantitative economic model, input-output model, and so on, all of which employ a large variety of mathematical methods. Of the simulation models, the development model is well received in the West. It employs the method of analysis of systematic development and is also known as systematic dynamics. This method treats the object of research and forecast as not being static in character but as being a moving trend of development. On the basis of the actual conditions, it builds a simulated model for the study and forecasting of changes in the trend of development of the system. The systematic development model makes extensive use of computers. The more complex the object of the forecast, the more extensively the method is involved with outside systems and its own subdivisions. Take for example in forecasting the development of industry in the country, the outside systems involved are the industrial systems of the world and the country's other systems (such as energy, technology, education and so forth) while the subdivisions involved are the concrete industries (such as machine-building industry, materials industry, chemical industry, and so forth). A systematic development analysis emphasizes the cause-and-effect relations of the system. For example, if the population growth rate is high, the demand on economic growth is more urgent but if the growth of the economy cannot meet the demands of the growth in population, it will lead to the lowering of the standards of living of the people and to the state meeting with economic difficulties. To rectify this imbalance, government should adopt the necessary measures to change the population growth rate so as to balance the trend of development.

In addition to the above-mentioned forecasting methods, Western countries occasionally resort to the comprehensive forecasting method in order to improve the reliability of the forecasts made, that is to say, they use diversified forecasting techniques to make forecasts, or alternately use several forecasting techniques, checking the results with each other. For

example, in making a forecast, the te-er-fei method is used first to carry out survey and research. After obtaining the results, the future-scene technique is employed next, and with the aid of rich imagination, forecasts are made on the future development of events.

In the field of scientific forecasting, Western countries have established several hundred specialized scientific research organs. They employ computers and make use of the accomplishments of mathematics, cybernetics, systems theory, and information theory to extensively carry out forecasting and exploration work in the fields of science and technology, economics, population, culture, education, environment, and resources. In particular, in the second half of the 1970's, the emergence of microelectronic technologies brought about a new breakthrough in the functions of the computer and rendered it entirely possible to carry out, in an even better manner, study of the future and scientific forecasting.

III

"In doing anything, making preparations ahead will bring success, otherwise you may meet with failure." This celebrated dictum appears to be all the more important today with the rapid development of modern science and technology. Marxism believes that the development of all things is governed by laws and is entirely within the realm of understanding. Hence, scientific foresight is not something mystical or unthinkable. It is the result of an earnest investigation, study, and analysis of the objective world, based on the law of objective development. Lenin once said: "Mystical prophesies are fairy tales, but scientific forecasts are realities." ("Collection of Lenin's Works," Vol 27, p 462) From this, it can be seen that Marxists are not opposed to making scientific forecasts of the future. Not only that, but Marxism itself has provided scientific guiding principles for forecasting the future. As early as in the 1840's, Marx and Engels had already made a scientific forecast of the beautiful future of the development of human society--the rise of communism. The theories and discussions of Marxism on the law of development of human society and the trend of its development are correct. As for the West's study of the future in the present era, although it presents an outlook of the prospects of the development of science and technology, yet, just because it cannot escape from the various restrictions of Western society, it is still unable to make a truly scientific forecast of the entire course of the development of human society and the law governing it.

The development of futurology and the study of the future in the West is for the purpose of conforming to the objective situation of the rapid development of science and technology, and, to avoid the crises and convulsions of capitalist society thereby meeting the "economic, political, and social challenges it faces." The suppositions of Western scholars cannot be detached from the realm of capitalism. They have advocated many new "social theories" such as the "post industrial society," "information society," "post capitalist society," "technology controlled society," "electronics technology society," "post civilized society," and so on and so forth. All these theories believe that regardless of the state of the dominant relations

of production, the character of society is determined by the level of development of its science and technology. Some even believe that capitalism "is on the eve of a golden future... Our free economy...can fly to unimaginable far corners of the world by means of machines which are electronically equipped and controlled and fueled by atomic power and which can effortlessly start in motion by means of an automatic mechanism." However, reality is not like this. Following the continuous development of science and technology, although it may be possible to make forecasts of and carry out probing research into the future, it is impossible, by means of this, to change the objective laws governing the development of capitalist society. The continuous emergence of economic crisis in Western societies is a case in point. Even the United States, where research on futurology, science, and technology are relatively advanced, cannot escape from the attacks of economic crisis. In a special article, the American MONTHLY REVIEW magazine wrote: "Reality very soon broke this belief. Despite the fact that the technique of advanced reporting has daily become more profound and mystical, not a single economist has yet uncovered the secret box of reliable advanced reporting. In this connection, what is most significant is that despite the use by personnel engaged in advanced reporting of the most advanced economic measurement forms and computers, they were still unable to forecast, even 6 months in advance, the most serious postwar economic depression." It can thus be seen that capitalist society is still developing in accordance with its own objective law. This objective law cannot be moved by the subjective wishes of any one person. In his book "People Amidst Dangers," the French scholar Reme described the psychological condition of people in a capitalist society: "People fear the present and the future; they fear war, unemployment, and the riches they can create and they also fear poverty. They fear the progress of science and technology and fear that their own strength and their ruining tactics may, with a fearful force, throw them into a deep pit." From this it can be seen that the chronic malady of capitalism is determined by the objective law. It has not been basically cured by the progress in science and technology which has daily increased in intensity.

The study of the future by Western scholars has its fatal weaknesses and limitations. This is because, on the one hand, they acknowledge the immense role of transformation that the new technological revolution exerts on society, but, on the other hand, taking the stand of the capitalist class, they staunchly support the capitalist class, believe that they can use technical economic measures to cure its maladies and enable the capitalist system to last forever. This leaves all Western futurology helplessly immersed in pools of vain thought. Just as in the past wishful-thinking sociologists made penetrating revelations and criticisms of the social contradictions of capitalism, modern futurologists, from a global angle and from the angle of the economic development of the East and the West, have, to a definite extent, made revelations and criticisms of the various problems of modern capitalist society. We cannot say that their discussions on problems such as the ecology, grain and energy are mere empty talk. They are not entirely unreasonable in analyzing the rise and solution of these problems as related to past industrial development and the new technological revolution. However, to attribute the problems that have emerged in Western society to the past industrial development and to place the hope for solution of these

problems entirely on the new technological revolution represent an understanding which is lopsided and unrealistic. In their research on problems, Western futurologists emphasize the reciprocal role between the economic, scientific, technological, and social factors, but in planning the programs for solution of the problems, they generally circle around the development of science and technology. Apart from making forecasts on changes in the future development of certain minor sectors of social life, such as consumption, family, marriage, and so forth, they are not willing in the least to touch and transform the capitalist form of production--the decisive source of the problems. This makes mirages out of the innumerable programs of the Western futurologists. This form of solving problems clearly reflects the limitations of Western futurology. Only Marxism can make a scientific forecast of the future of human society. Marxists have paid high regard to the development of the productive forces. They are also deeply concerned with the recent new technological revolution. But they firmly believe that the development of productive forces will naturally lead to the dissolution of capitalist society, that the world's future belongs to a communist society which is full of luster and hope, and that this is the natural tendency of the development of human society. Regarding this real and great tendency, Western futurologists have always professed their ignorance.

Generally speaking, in interpreting Western futurology, it is necessary to demarcate between two areas which are mutually related but are different from each other, that is, the sphere of man and natural relations (man transforming nature) and the sphere of man's social relations. In the former sphere, futurology has great uses, because it reveals the development prospects of the various factors, particularly science and technology, of productive forces and certain of their influences on society. And this deserves our great attention. As for the latter sphere, it must be pointed out that because Western futurology suffers from the limitations of certain conditions, its understanding naturally is extremely one-sided, even completely erroneous. As for the communists, if they deviate from Marxist dialectic materialism and historical materialism and completely follow the methods of Western futurology in forecasting the future of society, then they can only fall into the realm of vain thoughts--and painful vain thoughts to be exact. As a new-born course of study, futurology and the study of the future can be of use to us. Under the guidance of Marxist theories, we should strive to understand and grasp the law of development of the objective world, and set up our own theoretical structure for the study of the future so as to serve the socialist construction program.

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THE ADVANCING UNION OF WESTERN EUROPE

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[Article by Chen Lemin]

[Text] The union of Western Europe has been a historical trend of far-reaching significance in international life since World War II. In the past 4 decades, the West European countries have strengthened their economic cooperation and coordinated their political stands, their "sense of union" has been increasingly heightened, and they have been showing a stronger and stronger intention of uniting. Especially in the past couple of years, Western Europe has made conspicuous progress in strengthening cooperation and union and in pursuing the principle of independence, and its role in international life has drawn more and more attention.

I

The trend toward a union of Western Europe is by no means an accidental phenomenon. The postwar international situation has determined that the West European countries would inevitably take the road of union.

Both world wars of the current century originated in Europe. They brought about catastrophes to the world and especially to Europe. The disasters caused especially by World War II in particular are too numerous to mention and remain fresh in our memory. Recently, while recalling their painful experience on the occasion of the 40th anniversary of the victory of the anti-fascist war in Europe, the people of all Europe strongly demanded the preservation of peace and opposition to war. Thus it can be seen that the European peoples have common interests in the security of their own region and share common feelings with respect to the urgent need of maintaining long-term, stable, and peaceful circumstances. However, Europe today remains a region where the two military blocs directly confront each other, an important strategic point in the contention between the superpowers for global hegemony, and the continent where the arms of East and West are most densely concentrated. In the face of such harsh reality, the governments and peoples of the West European countries are deeply conscious of their responsibility of uniting with each other and realize that they need to hold regular or irregular discussions on major international issues concerning security and peace. On the international arena, at various international

conferences, and during negotiations and meetings in various forms, they have tried their best to "speak with one voice" in elaborating their policy of independence and expressing their demand that both the East and the West reduce their arms to the lowest level possible. Nowadays, the relaxation of the tense relations between East and West, disarmament, and a long-term and stable international peaceful environment have become the strong demand and common wish of the governments and peoples of the West European countries. The alternatives of peace or war, detente or tension, and disarmament or arms expansion have become key issues of increasing common concern in Western Europe.

Similar experience and destinies have given rise to political unanimity among the West European countries. On the basis of union and self-support, the West European countries have tended more and more to an independent stand on problems relating to their security, foreign relations, and policies. On the premise of alliance with the United States, Western Europe is playing its independent role and is endeavoring to emerge as "a pole" in the multipolar world. The West European countries are seeking to improve their relations with the Soviet Union and Eastern Europe and have paid attention to developing and expanding their ties with the Third World.

Western Europe also feels that in face of the increasing tension and the threat against Europe's security, it cannot remain inert but must strengthen cooperation and create conditions for developing its independent defensive force, so as to give full play to its role as the "pillar of Europe." To achieve this goal, members of the West European Union, which had remained asleep for 3 decades, have resumed frequent consultations between themselves recently.

In the past few years, grounded on economic union, the West European countries have been pushing forward political union. In fact, the members of the European Parliament have taken the opportunity of every meeting of the Council of Ministers, every summit, as well as every session of the European Parliament, to exchange their views on international issues of common concern, to coordinate their stands, to seek and voice the collective political viewpoints of the European Community. Thus they have powerfully pressed on with the political union of Western Europe.

II

During the initial postwar period, the cause of the union of Western Europe started from the economic cooperation which served as a means to heal the wounds of war. The European Coal and Steel Community established by six West European countries based on the French Schuman plan, as well as the European Atomic Energy Community and the European Economic Community founded later, are specific examples of West European economic alliance. A few decades passed and the European Community has become the world's largest economic and trade bloc. Recently, the European Community decided to admit Spain and Portugal into the organization as full members. Hence, from 1 January 1986 on, the 10-member community will have 2 new members, the total population of the community will increase to more than 320 million

while its territory will be expanded to more than 2.2 million square kilometers. The third expansion of the European Community marks another important step in the process toward a union of Western Europe.

In fact, since its founding, the European Economic Community has achieved a certain degree of "unification" in the economic and especially circulation fields. The community has played a positive role in overall planning and regulation in such aspects as the levying of customs duty, control of currency exchange, regulation of industrial production and prices, formulation of a unified agricultural policy, the setting of prices of agricultural products, and economic and trade negotiations with other countries or blocs. In their struggle against the high interest rate policy of the United States, the West European countries, suffering heavily from this policy, have shown the power of unity and have achieved something in offsetting the damage caused by the U.S. dollar. In June 1984, the heads of governments of the 10 member states of the community held a meeting in Fontainebleau, France, and found an initial solution to the longstanding controversial agricultural and financial issues, thus eliminating to a certain extent the obstacles in the way of further development of the community. Although the achievements of this meeting were the product of compromise, it after all made a breakthrough in the stagnant situation resulting from internal difficulties, and thus brought about a new hope for the union of Western Europe.

The expansion and development toward the union of Western Europe have also been reflected in cooperation between the community with other European economic organizations. For example, on 1 January 1984, the European Community and another important economic and trade bloc--the European Free Trade Association--announced a mutual exemption of customs duties and the lifting of quantitative restrictions on trade in industrial products for the members of the two organizations. Thus the world's largest free trade region for industrial products with considerable strength has emerged. In mid-May this year, the two leading organizations held a joint meeting in Vienna. At the conclusion of the meeting, the two organizations announced that they had decided to make the establishment of a unified and open economic region their common goal and would strengthen their close cooperation in a wider scope. This is certainly major progress which Europe has made in the course of union.

Since the beginning of the 1980's, U.S. and Japanese superiority in sophisticated science and technology over Western Europe has placed an especially conspicuous and serious challenge before the latter. In order to narrow as quickly as possible the gap between Western Europe on the one hand and the United States and Japan on the other, the West European countries are eagerly demanding cooperation in more fields and in a wider range of projects. They have realized that this is a major race which has an important bearing on the future destiny of Western Europe. If Western Europe fails to seize the opportunity, it will be left far behind. For this reason, in the past few years, the West European countries have keenly appealed for joint efforts to meet the challenge in the field of sophisticated science and technology. They have made and are making very frequent bilateral and multilateral consultations and have put forth various tentative ideas and proposals. The

21 members of the European Council have jointly proposed to set up a European Scientific and Technological Zone and the European Community has convened a conference on "Europe and the New Technology." In January 1985, the European Space Agency held a meeting in Rome and decided to take up a project to develop a "Colombus Space Station" and the new "Ariana-5" rocket.

The "Eureka" plan that the French Government proposed to the members of the European Community, Spain, and Portugal on 17 April has extensively evoked great interest in Western Europe. France holds that to take up the U.S. and Japanese challenge in the technological field the European countries have no way out but to join their efforts to develop sophisticated technology. The "Eureka" plan suggests that Western countries set up a "European research coordination agency" to concentrate Europe's technological resources, manpower, and funds available for scientific research and to establish a "European technological community."

This proposal by the French Government reflects the West European countries' common will to unite in response to the challenge. In addition, since it is a sophisticated technological project aimed at both military and civilian purposes put forth after the U.S. Government's "star wars" plan, it has drawn particular attention. The project first won the support of the FRG. FRG Foreign Minister Genscher said: West Europe should strengthen cooperation so as not to become a processing plant catering to the United States' and Japan's needs in developing new technology. Italian Foreign Minister Andriotti said: After all the European Community will have to follow the train of the "Eureka" project, and the sooner the better. British Foreign Secretary Geoffrey Howe wrote to French Minister of External Relations Dumas officially expressing the British Government's support for the "Eureka" project. Of course, this is a long-term project with an enormous scale which may involve tremendous investment. However, one can expect that a united Western Europe taking up the challenge in the field of sophisticated science and technology will serve as a new motive force for the cause of the union of Western Europe.

III

In reviewing the developments achieved hitherto in the union of Western Europe and forecasting its future, we can sum up its features in the following three points:

First, the union of Western Europe is an inevitable international trend initiated by the West European countries in seeking subsistence, progress, prosperity, and independence. It reflects the West European countries' intensified and expanded demand and wish for political and economic union.

Second, a unified Europe pursuing an independent policy is an important factor in safeguarding world peace and preventing war.

In order to elaborate the particular trend toward the union of Western Europe since the war, it is necessary to clarify a theoretical problem. Some people in the past used to draw an inappropriate analogy between the union of Western

Europe and the slogan of "European federation" put forth in early 20th century. It must be pointed out that they are two things of different natures separately put forth in two different periods. Lenin correctly pointed out in 1915 in his analysis of the slogan of "European federation": "European federation, under the capitalist system, is either impractical or reactionary." ("Selected Works of Lenin," Vol 2, p 707) This analysis was based on the fact that the world had then been completely carved up by a few imperialist powers in Europe. Thus the establishment of a European federation at that time would have meant concluding an agreement on the carving up of colonies. However, the historical and international strategic situation have completely changed since World War II. The present day's reality is that there are in the world two superpowers which are much stronger than any other. Their contention constitutes a serious threat to world peace and the European countries are vulnerable to the dangerous consequence of a sharp confrontation between the two superpowers. Under such circumstances, the European countries have to join forces with each other to exert pressure on the two superpowers to safeguard peace and for the relaxation of tension, to push them into carrying out serious negotiations, and to restrain their nuclear arms race. The union of Western Europe, if realized, will add to the peace-safeguarding forces in the world and become an important factor in preventing war. A united and powerful Europe which is the master of its own destiny will be advantageous to the peace, security, and stability of the world.

Third, as a rather long historical process and very complicated and arduous cause, the union of Western Europe can never be accomplished overnight. The road leading to union cannot possibly be smooth. In pressing on with the process of union, the West European countries will have to remove many obstacles. While unremittingly counteracting and getting rid of external pressures, they still have to coordinate relations among each other, and overcome the contradictions among each other due to the differences in each one's special interests. Substantial achievements have been made in the union of Western Europe in the past few decades and the cause will continue to overcome all setbacks and make progress.

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'LIGHT A FIRE' AND 'COLLECT FIREWOOD'

Beijing RED FLAG in Chinese No 13, 1 Jul 85 p 37

[Article by Gao Zhanxiang [7559 0594 4382]]

[Text] "A new official is glowing with fire when he first takes office." The original meaning of this saying is that some officials are full of enthusiasm when they first take office, but have no stamina. They start well but finish poorly. Now some comrades are twisting the meaning around by advocating that officials should "light a fire" when they take office, as if this is what an enterprising cadre should do. This idea needs to be analyzed.

People hope that officials will hurry up to solve problems as soon as they take office. This is understandable. The desire of "new officials" to create a new situation is also very admirable. However, because they are new, they are not clear about the situation, popular feelings, and the strong points and the problems of the locality. It takes time to acquaint themselves with all these. If they are over-hasty and are too eager to "light a fire," they are liable to depart from reality, slip off the track of science and act blindly. If they try to "light a fire" before getting a clear picture of the situation, they may not be able to light the fire at all, or the fire would flare up and then die out, or the fire may end in a disaster because it was started in the wrong place. This may "ruin" their work, "hurt" their comrades, and would naturally "finish off" their prestige. As Francis Bacon said: "Overemphasis on speed is one of the greatest risks." The Chinese also have this ancient saying: "Haste makes waste." In real life, we can see that "new officials" who "light a fire" before getting a clear picture of the situation seldom succeed in their cause.

Thus, I advocate that "new officials" should first "collect firewood." This means that when a new cadre takes up office, he should go down to the grass-roots units, immerse himself among the masses, carry out investigation and study in a down-to-earth manner, find out the crux of the problems, and search for the key to the solution of these problems rather than hastily preparing to "light a fire." After getting the "firewood" ready, he should discuss with cadres of the parties concerned and with the masses about where to light the first fire, where to light the second fire, and so on. Only in this way can he pick the correct breakthrough point and achieve substantial

results. As the ancient saying goes, "the wise man is careful about the beginning." I think this idea of being "careful about the beginning" is particularly important for "new officials." "If he starts off carelessly and regrets afterwards, it will be too late."

In stressing that "new officials" should "collect firewood" before "lighting a fire," I do not mean that they should be overcautious and must show no sparks. Quite to the contrary, the purpose of "collecting firewood" is to better "light a fire." This is by no means contradictory to advocating that young cadres should boldly open up and explore. The key to the problem is, our "opening up" and "exploration" must be based on the determination to respect science and seek truth from facts. We must have courage as well as knowledge. "Being bold" must go with "being good at." Only in this way can we establish ourselves in an unassailable position and live up to the expectations of the masses.

Of course, the case of "new officials" differs. If "new officials" are promoted from within the locality or unit, they will be more familiar with the "heaven, earth, and human" conditions there. They will also have a better idea of the crux of the problems there. It may prove to be an effective solution for these "new officials" to "light a fire" at different places and open up a road by means of burning. If the case is otherwise, I still think they should "collect firewood" before "lighting a fire."

CSO: 4004/33

INCREASE THE CHINESE CHARACTERISTICS IN OUR ECONOMIC TEACHING MATERIALS

Beijing RED FLAG in Chinese No 13, 1 Jul 85 pp 38-39

[Article by Liu Shibei [0491 6108 4101]]

[Text] How to reform the teaching materials is related to many aspects, such as what to include, questions of law, theoretical structure, methodology, and so forth. In this article, I shall give my tentative views on the problem of how to increase the Chinese characteristics of the teaching materials.

One great defect in the original teaching materials of our country is that their Chinese characteristics are not rich or deep enough. This does not mean to say that the original teaching materials, when touching on the economic field and economic law, have no connection with China's realities or that the structure of their sections and chapters has nothing new. The problem is that in the teaching materials, the methods of discussing general principles supplemented by illustrations of conditions in China have not truly followed the line of making an analysis which starts with the realities of China's economic relations, removes the crude but retains the essence, eliminates the false but keeps the truth, and which makes the topics inter-related to each other and proceeds from the surface to the interior; being elevated therefrom to become a theory, bringing forth a new concept and a new principle suited to China's national conditions, and, on top of this foundation, building a China-edition of socialist political economics which draws on China's national conditions as the background and reflects the law of development of socialism.

For example, let us refer to the theory of the ownership system which occupies an exceedingly important place in the theoretical structure. The new form of cooperative economy, the system of contracted responsibilities on the household basis with payment linked to output was very belatedly inserted in the theories of textbooks only after much hue and cry by the populace. Even now, in the teaching materials the discussions are still very crude concerning this form of cooperative economy in Chinese style. The materials still contain a rather weak analysis on the internal structure of this transitional economic organizational form, on its special qualities, and on the inevitability of its emergence. As for such new economic measures as contracted responsibilities with payment linked to output, joint labor, dual operations, dual ownership and contracted responsibilities and distribution,

the materials have still not given them sufficient analysis and discussion in theory or made them become important parts of political economics. In addition, in the "Decision of the CPC Central Committee on Reform of the Economic Structure," the thesis that the power of ownership and the power of operation can be suitably separated represents the start of the theory of socialist ownership and undoubtedly should have been inserted and given sufficient theoretical analysis in the teaching materials, but at present many of the teaching materials have not yet touched on it, or, we may say, have not yet had time to make a convincing elucidation of it. The teaching materials have another defect in the theory on the ownership system, that is, they lack analysis and discussions on the diversified operation forms in cities and the countryside such as the collective contracted responsibilities of enterprises under the system of ownership by the whole people and on the possession relations of tenancy operations (rented to collectives or individuals). Regarding the various ownership forms of a transitional nature, they frequently do not go into details while as for the possession forms which have already emerged in economic life, such as possession forms under the cooperative system seen in share-holding in various forms (collective capital, labor input, land input, technology input, and so on), the materials hardly touch them at all. Other similar cases may be cited.

Conditions such as those above illustrate that despite the fact that the teaching materials published in recent years in our country have made certain progress in integrating theory with practice, they have still fallen behind in theoretically and fully reflecting the extremely rich and colorful realities of the new economic relations since the 3d Plenary Session of the 11th CPC Central Committee. There are still many vague and general analyses, conclusions that are divorced from the actual national conditions, and general observations which are meager in content. These conditions show that integrating the general principles of Marxism with China's realities still forms the basic problem in the composition of teaching texts in our country.

In order to make theory closely integrate with reality and the teaching texts truly reveal Chinese characteristics, we cannot adopt the method of employing general principles supplemented by Chinese examples. Rather, the key to the solution of this problem lies in the theoretical system (concept, law and structure) fully reflecting the realities of the socialist economic relations in China since the reform of the structure. To achieve this, it is necessary to thoroughly eradicate the influence of socialist theory of natural economy and build the theoretical system on the foundation of the basic concept and basic law of planned commodity economy.

Socialist economy is a planned commodity economy. It is the scientific proposition established by the "Decision" after scientifically summing up the experiences in the country and abroad, particularly the positive and negative experiences in our country's socialist construction. This theoretical proposition signifies man's intensive understanding of socialism and represents an important development in the economic theories of Marxism. The national conditions of our country show that after the basic success achieved in the socialist transformation of the system of private ownership of the means of production, in the sphere of the ownership system there

still exist diversified forms of structures with the system of public ownership as the main body, while, with regard to the socialist public ownership system, there are still in existence systems of ownership by the whole people, collective ownership, and diversified forms of ownership of a joint or common nature. Even in regard to the socialist system of ownership by the whole people, it is still not wholly a system of ownership by the whole society, but is tinged with the character of partial possession by certain people or quarters. The above-mentioned diversified character of the structure of the socialist system of ownership illustrates the diversified character of interest relations. It determines that man's mutual exchange activities should be based on equal value which, in turn, determines that the products or labor are objects of value, that is, are commodities. At the same time, an enterprise as the basic unit in socialist production is a relatively independent commodity producer. Thus, it can be seen that the commodity character of production is a special feature of the essence of socialist economy and that the law of value governing commodity production serves also as a law which runs through socialist economy and also restricts the various socialist sectors such as production, exchange, distribution and consumption. And market mechanism by means of which the law of value exerts its role becomes an internal mechanism which controls the operations of socialist commodity economy. Naturally, the above-mentioned commodity character, role of the law of value and market mechanism are subject to the restrictions of the system of public ownership and the law of planned and proportionate development which exercises its role on the basis of the system of public ownership, thereby possessing the special feature of socialism. It may be said that the Chinese characteristics of social economy are a socialist commodity economy which operates by itself under the guidance of state plan, fully relying on, and displaying, the functions of market mechanism and is full of vitality.

In view of the above-mentioned nature of our country's socialist economy, it is necessary for the teaching materials to serve as a scientific theoretical form and logical structure to reflect the nature and the operational mechanism of the planned socialist commodity economy of our country. To accomplish this, I believe that in the reform of the teaching materials, the concept of value should be taken as the basic concept and the law of value as the basic law in the system of socialist economic laws. The past teaching materials, under the influence of a prolonged period of the circulation of the ideas of natural economy, have restricted the concept of value to a narrow scope. For example, the concept of value was only used to explain the role of commodity production and the law of value, while the exposition of the demands and function forms of other socialist economic laws, were almost diverted entirely from the concept of value. In the analysis and explanation of socialist production relations, in reality the concept of material objects in product economy is more frequently taken as the basic concept, or, when analyzing the operational laws of the production relations of certain areas the concept of value is used but in discussing the operational laws of the production relations of certain other areas, the concept of material objects is mainly relied upon. Thus, because of the lack of a united basic economic concept, the theoretical system lacks the character of internal integration. Obviously, a system which abandons, or insufficiently

uses, the concept of value cannot penetratingly reflect the essence of socialist production relations.

In general, it is necessary for the new teaching materials, like the "Decision," to break through the traditional ideas which have long been unable to withstand actual practice and set up a series of new concepts which reflect the relations of socialist commodity economy; it is necessary to break through and abandon the traditional system of theories, and set up a concept system and an alignment of laws based on the general and abstract concepts of socialist commodity economy which are orderly and which assume a concrete form step by step. A theoretical system of this kind can better reflect in theory the economic structure and operational laws of our country's socialism, thereby increasing its scientific character and greatly strengthening its Chinese characteristics.

CSO: 4004/30

SOME IDEAS ON THE SYSTEM OF SOCIALIST POLITICAL ECONOMY

Beijing RED FLAG in Chinese No 13, 1 Jul 85 pp 40-43

[Article by Li Yining [0632 0110 1337], professor in the Institute of Economics at Beijing University]

[Text] The Central Committee's decision on the reform of the economic structure has not only pointed out the direction for reform, but also opened new avenues for the teaching of, and research into, socialist political economy. The "Decision's" exposition that the socialist planned economy is a planned commodity economy based on public ownership is an important breakthrough on the theoretical level. It clearly points out the starting point in studying the various types of economic relationships. The system of socialist political economy I envisage requires, as an analytical premise, a planned commodity economy based on public ownership.

The structural system I envisage is as follows:

Chapter 1--Introduction. I intend to take the historical narrative section from current socialist political economy teaching materials, along with a few basic viewpoints, and condense them into 20,000-30,000 characters. This will constitute the book's introduction. It will include: the establishment of the socialist economic system; the basic characteristics of this economic system; the aims of socialist production; socialist economic patterns; the experiences and lessons of socialist economic practice, and so on. In the introduction, I will also make clear that there is not just a single socialist economic model and that each country can build its own model based on its own actual situation. What this book will explore will be the theoretical and actual problems of a socialist economic model with Chinese characteristics.

Chapter 2--The premise for socialist economic analysis. From this chapter onwards, the book will go into an analysis of the socialist economy, from the macroeconomy to the microeconomy, from the amounts in circulation to the amounts reserved, from the static state to the dynamic state, and from the positive economy to the normative economy. In order to assist in analysis, a number of premises will be set down here. For example, the ownership structures discussed below are the two public ownership systems of whole-people ownership and collective ownership; the commodity economy

discussed is the planned commodity economy; the enterprises referred to are enterprises with the status of legal entities; the pricing system referred to includes both planned pricing and pricing outside of planning; and so on. Without these fixed premises, it would not be possible to make inferences and draw conclusions.

After the second chapter, the remainder of the book will be divided into six sections.

Section 1 (including Chapters 3, 4, and 5)--The movement of the national economy. This will be an analysis of the formation and movement of national income within a socialist society, and will explore the cyclical circulation relationships between overall investment, overall savings, and overall consumption. But this will only be a value analysis. It must be linked up with a material analysis. Thus, this book, on the basis of an analysis of the cyclical circulation of national income, will undertake an analysis of input and output. In this way, it will be possible to link up the value analysis with the material analysis. On the basis of analyzing input and output, a further analysis of the sectoral structure and technological structure of the socialist economy will be carried out. A theoretical socialist structural model can then be established on this basis.

In the analysis of this section, this sequence will be followed: First, it will be hypothesized that the socialist economy is a closed economy. After this it will be hypothesized that the socialist economy is an economy which is moving toward an open nature. The steps of the analysis of this movement from a closed form to an open form will be of help to students in understanding the patterns of movement in the socialist national economy.

Through first carrying out value analysis, then linking value analysis and material analysis and subsequently elaborating on the structural relationships between sectors, it will be easy to explain the two types of imbalances which can occur in the movement of the socialist national economy, that is general quantitative imbalance and structural imbalance. This book does not intend to idealize the movement of the socialist national economy, but would rather adopt a realistic attitude and show that it is possible for both these imbalances to occur, and that they can even occur at the same time.

Section 2 (including Chapters 6, 7, and 8)--The economic activities of enterprises. After analyzing the movement of the socialist national economy, the book will turn to another level of examination, that is an examination of the economic activities of enterprises. First, an analysis of partial equilibrium will be carried out. The relationship between costs, production value, prices, and profits of individual enterprises will be analyzed. Then an analysis of general equilibrium will be carried out. Here, an analysis will be made of the interdependence of enterprises in terms of costs, production volume, prices, and profits when they engage in competition. It differs from the analysis in Section 1 as follows: In Section 1, the flow analysis method is used, while in this section flow analysis would be insufficient. Thus, it is necessary to do a concurrent analysis of reserves, that is an

analysis of enterprises' reserves policies and changes in the reserves (for example, the amounts of raw and semiprocessed material reserves and changes in these, the amounts of products and semifinished products stored and changes in these, and so on). Because this is only a concurrent analysis of reserves, it is possible to include consideration of price forecast factors. Thus, it will be possible to explain the actual influence of the economic activities of enterprises on national economic movement.

Through an analysis of the economic activities of enterprises, students can quite clearly understand the relationships between the macroeconomy and the microeconomy in a socialist society, as well as the relationship between planning and the market.

Section 3 (including Chapters 9 and 10)--The economic activities of individuals. The economic activities of individuals is another level of the socialist economy and will be the object of examination in Section 3. Because individuals are the realizers of the final products (excluding export products) in the society, in the analysis of the socialist economy, we cannot just look at the two levels of national economy and enterprises economy. We must see the economic activities of individuals as an independent level.

In this section, it is first hypothesized that individuals are only consumers. The individuals' consumption expenditure and changes in the consumption structure, as well as their influence on both the economic activities of enterprises and on the movement of the national economy, will be explained through an analysis of cash surplus and an analysis of the readjustment of reserves of consumer products. Following this, it will be hypothesized that the individual is not only a consumer, but also an investor (referring to individuals participating in activities of fund-raising in the society, or individuals as part of individually operated households). At this time, what requires investigation is the selection of a form for assets under socialist conditions and the mechanism regulating the selection of different forms of assets. Through these analyses, students will be able to further understand the mutually dependent and restricting relationships between the economic activities of individuals, the economic activities of enterprises, and the movement of the state economy.

The above three sections examine the movement of the national economy, the economic activities of enterprises and the economic activities of individuals as three independent levels. It is extremely clear that there are two questions as to the relationships between these three levels. The first is the question of whether or not the movement of the national economy is coordinated with the economic activities of enterprises. The second is the question of whether the movement of the national economy and the economic activities of enterprises are coordinated with the economic activities of individuals or not. The fourth and fifth sections of the book will explore these two questions.

Section 4 (including Chapters 11, 12, and 13)--Coordination between the macroeconomy and the microeconomy. The focal point of this section is an analysis of the role of the dual mechanisms. The dual mechanisms refers to regulation

by the planning mechanism and regulation by the market mechanism. Coordination between the movement of the national economy and the economic activities of enterprises is carried out through these two economic mechanisms. The effects of the various types of economic regulatory measures in a socialist society and the relationships between the amount of socialist currency in circulation, national income, and general price levels, can only be explained after the role of the two mechanisms have been fully examined.

Just as is revealed in Section 1, the movement of the national economy can experience a general quantitative imbalance and can also experience a structural imbalance. These two types of imbalances can both be seen as dislocations in terms of the deployment of natural resources. Thus, when examining the question of coordinating the macroeconomy and the microeconomy, a certain amount of space must be given to an analysis of the deployment of natural resources. After students study this section, they will be able to understand that the question of effective deployment of natural resources, in the socialist economy, can be resolved. This is a manifestation of the superiority of the socialist system.

Section 5 (including Chapters 14, 15, and 16)--Social norms and the coordination of individuals' activities. The focal point in this section is an analysis of the relationship between the three interests. The three interests refers to the interests of the state, the interests of the collective, and the interests of the individual. From Section 1 to Section 4 the analysis of the socialist economy is an analysis in terms of positive economics. From this section on, analysis through positive economics will be linked with analysis in terms of normative economics. I believe that if we want to coordinate the movement of the national economy, the economic activities of enterprises, and the economic activities of individuals, then we should coordinate the interests of the state, the collective, and the individual. The latter is actually a problem of normative economics. Thus, this section will discuss the ethical principles of socialist economics and the changes in value concepts in the building of the socialist economy.

Just as in Section 4, in examining coordination between the macroeconomy and the microeconomy, it was necessary to give a certain amount of space to an analysis of the deployment of natural resources, here it is necessary to give some space to an analysis of income distribution. This is because the coordination of social norms and individuals' activities not only involves the question of the motive force in the movement of the national economy, but also involves the question of key elements in production. Imbalances in income distribution and imbalances in the deployment of natural resources are widely seen as two problems which the Western economies at present find very difficult to deal with. The above section has already noted that it is possible to achieve an effective deployment of natural resources in the socialist economy. After studying this section, there will also be trust in the socialist economy's ability to resolve the problem of income allocation and coordination. The resolution of this problem is another proof of the superiority of the socialist system.

Section 6 (including Chapters 17, 18, and 19)--Development strategy and development goals. The normal movement of the socialist national economy is not a development goal. Neither is coordination between the macroeconomy and the microeconomy or the coordination of social norms with the actions of individuals. Thus, in this section, we will proceed to discuss the development goals of a socialist society and necessary development strategy which must be adopted in achieving these goals.

When discussing the goals of development, the following three questions will be successively looked at: First, the level of the goals will be discussed, second will be the phased nature of the goals, and third, the overall system of goals. As to China's economic prospects for the year 2000, the building of socialist material and spiritual civilization, and the distant goal of achieving the transition to communism, all of these will be expounded upon in this section.

Thus, in Section 1 to Section 6 (Chapters 3 to 19), the analyses become gradually deeper and more strongly logical. I hope that the inferential method which this book will use will provide the students who study these chapters with two impressions: 1) That socialist political economy is a fascinating and rich course, and that within it there are a series of political problems which are awaiting our exploration; and 2) that socialist political economy is a discipline which is derived from the practice of socialist economic construction and which also serves this practice, and that it is a useful discipline, a vital discipline.

Chapter 20--The mission of economics--in place of concluding remarks. This will be the book's final chapter. In place of concluding remarks, in this chapter the students will be told: Economics is a science of social enlightenment and of social planning. As a science of social enlightenment, it can tell people how to appraise a society, a system, a mechanism, or a policy. It allows people to clearly understand the rights and wrongs in economics and the advantages and disadvantages in the assessment of economic activities. As social planning science, it will tell people how to formulate development goals, how to change possible goals into realized goals, how to build a socialist economic system which accords with the national conditions and how to promote the coordinated development of the national economy. Here, the students will also be told: Marxist economics is being continually enriched and developed through practice. This enrichment and development is not something which only a small number of economists can help in achieving. Every person who studies political economy and who engages in actual work in socialist economic construction can contribute their strength to it.

Because my abilities and my level are limited, the above ideas will certainly contain some inappropriate things. I believe that the system of socialist political economy is, even now, still in the exploratory stage. My ideas also are simply an exploration. Such being the case, in future there is no need to nominate a single set of teaching materials to be the unified teaching materials. I think it will be best if we allow various types of different teaching materials to be published and then let the society discuss and appraise them.

WHY DO WE SAY THAT INVESTMENT IN EDUCATION IS THE KIND OF INVESTMENT WHICH BRINGS THE GREATEST RETURN?

Beijing RED FLAG in Chinese No 13, 1 Jul 85 pp 42-43

[Article by Lin Zhiwo [2651 1807 3259]]

[Text] That investment in education can bring great economic benefits is already universally acknowledged. According to estimates by economists in the United States, the Soviet Union, Japan, and other countries, the economic benefits derived from investment in education account for 25-35 percent of the national income of these nations. Soviet scholars, in analyzing their nation's economic growth in 1975, discovered that the earnings ratio of investment in education was 20 percent higher than that for investment in fixed assets in the production sphere. Economists in the United States, Japan, and other countries also believe that the economic benefits of investment in education are higher than the economic benefits derived from investment in material production sectors. These calculations are not definitive, but one thing is certain, investment in education can realize very great economic benefits, and as a country gets more industrially developed and technologically advanced, and the role of intellectual factors becomes more important in production, then the economic benefits of education become increasingly obvious.

Why do some people not see the great benefits which investment in education can bring, and erroneously believe that education is an undertaking purely of consumption? This is because the education departments are not themselves material production departments and do not directly contribute in producing material wealth for economic development. The economic benefits from investment in education are indirect and delayed benefits. The skilled people who are trained, by the education departments, for economic construction only go to the production sphere after receiving their education. Only then can they play an active role. The economic benefits of education (referring to raising the national income) are not gained from within the education departments, but from the production departments. In order to understand this question, we need to concisely analyze the production relationship between education and production and the special role of education in developing production.

Modern production is built on a base of high-level science and technology. The linking of advanced science and technology with production can cause productivity to increase tens or even hundreds of times. According to foreign calculations, at the beginning of this century, the role of education and technology only accounted for 5-20 percent of economic growth in some industrially developed countries of the world. Today, it accounts for 60-80 percent. The wide application of science and technology in production has resulted in a decrease in the amount of physical labor required from laborers in the course of production, and an increase in the amount of mental labor required. Since then, the scope of laborers has expanded and engineers and technicians, designers, managers, and researchers who apply technology have all become "a part of the total of all workers." The development of new technology has also brought with it changes in the production structure. Old industries and old technologies are being replaced by new industries and new technologies. Also, changes in production have forced workers to change their type of work so that they can accord with the needs of the new production. This shows that the building of modern production on a base of advanced science and technology, on the one hand causes labor productivity to rise at an unprecedented rate and, on the other hand requires that the quality of the laborers be raised. The realization of this modern production has as its prerequisite the raising of the cultural, scientific, and technical levels of the vast number of laborers.

Science and technology are productive forces. But before science and technology are used in production, they are only a form of knowledge. They are only latent or potential productive forces. Only when they are put into the hands of the producers and are actually used in production, do they become real productive forces. The key to achieving this change is education.

First, education trains and provides the society with medium- and high-level scientific and technical personnel. This contingent ensures that new discoveries and creations are continually forthcoming and that production and science and technology develop further day by day. The production benefits which this brings with it are inestimable.

Second, education provides the production sectors with workers who have both cultural and scientific knowledge and who are capable of mastering and using advanced technology and production methods. This contingent ensures that advanced equipment is widely used in production, which continually raises labor productivity and thereby creates more material wealth for the society.

Third, education provides the economic construction departments with skilled management personnel who have both cultural and scientific knowledge. This contingent implements scientific management in all departments, so that personnel, funds, and material are fully used. This plays a great role in economic development.

Fourth, education provides hundreds of millions of children with instruction in cultural and scientific knowledge, and thus they become a reserve force for skilled, technical personnel, management personnel, and skilled workers.

Finally, education can raise the ideological and moral level of the whole nation. This is of assistance in increasing people's sense of responsibility in terms of labor, and their enthusiasm for labor. In this way, the people become socialist laborers who have ideals and who observe discipline.

Thus, investment in education is not only a type of investment which brings the greatest benefits, but is the key for our country in enlivening the economy, meeting the challenge of the world's new technological revolution, and reducing the disparity between our nation and others in terms of science and technology, so that our nation's economy can approach the level of those of foreign nations.

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THE WHIRLING CURRENTS OF LIFE HIGHLIGHT THE POETIC SENTIMENTS OF THE TIMES

Beijing RED FLAG in Chinese No 13, 1 Jul 85 pp 44-47

[Article by Huang Shixian [7806 1709 2009]]

[Text] A film scriptwriter rightly pointed out: Life is full of hopes, and so is art. Hope comes from our times, from the spring tide of changing times. Take the achievements of "Wreaths Under the High Mountain," "Life," "The Girl in Red," and other realistic masterpieces for example. They are all celebrated for their sensitivity in capturing the message of the times. They either directly absorb inspiration from the currents of everyday life, boldly touch on the intricate contradictions in society during the new period and dig into the roots of these contradictions, or coolly ponder questions in the light of history and take great pains to depict artistic images that are worthy of being called the backbone of our nation or images that bear the vivid imprint of new life and shine with the luster of the times. Looking back at the substantial achievements of cinematic art in 1984, particularly the successes scored by some films, it is not difficult to see that these films have demonstrated their creativity and artistic maturity by working conscientiously on the road of realism.

The realistic vitality of artistic images depends on the depth to which social contradictions are dug, but their ideological luster is closely related to the consciousness and spirit of the times that represent the course of history.

From the images of heroes who glisten with lofty and stirring tragic beauty, as depicted in the film "Wreaths Under the High Mountain," we can clearly feel the pulse of the times. The pioneering significance of this film lies in its exposure of actual contradictions between the army and society, in its taking great pains to dig into the unique fates of its characters, and in its breaking through the many "forbidden zones" which were practically off limits for creative works on military themes in the past. For example, before the battle, Army Commander Lei furiously threw off his army cap to show his revolutionary indignation at Zhao Mengsheng's "indirect transfer" and at the infinitely resourceful high-ranking official's wife who called the frontline command post to ask for special favors for her son. Liang Sanxi was killed in action, but he left behind an "IOU" for his mother and wife to take care of. Jin Kailai offended the leadership because he was

fond of making suggestions. He sacrificed his life for the country, but "did not even get a third-class meritorious service award." No wonder Army Commander Lei nearly threw off his army cap again and said angrily: What kind of justice is there if Jin Kailai is not awarded! These artistic strokes that have the intensity to shake the very soul of the audience show the historical truth and the unique fate of characters at a given time. They are full of profound ideological meaning and general significance.

The writer-director of "Wreaths" carried out artistic interpretation on the basis of the literary achievements already made by an original novel. The overall mood of the film is spirited and heroic. It is said without being distressing, bold and unrestrained without losing its dignified air. In terms of artistic narration, the film blends the carefree and lofty sentiments of the splashed-ink technique with the fine expressions of traditional Chinese realistic painting. For example, the pure and sincere love between Liang Sanxi, his mother (Liang Daniang), and his wife, and the flashbacks on "marriage," "visit," and "farewell" unfold before our eyes the emotional life peculiar to soldiers today and the tremendous sacrifices they make toward defending the sacred motherland. The comradeship between Liang Sanxi, Zhao Mengsheng, and Jin Kailai is also both noble and selfless!

If we reflect on the story carefully, we will find that the most charming character in "Wreaths" is Jin Kailai. It is he who embodies the soul of today's revolutionary soldiers. His admirable quality lies in the fact that he dares to speak the truth and hates evil like an enemy. But it is not until after his death that people begin to understand his "lofty integrity." Zhao Mengsheng said: If all Chinese people will speak the truth and do solid work like him, things can be done easily in our country. The episode about his wife Yang Gaihua and son Xiao Hu being denied the meritorious service medal not only bring tears to our eyes but makes us solemnly ponder history and reality.

The pioneering significance of "Life" lies in the fact that it makes use of distinctive contemporary consciousness and open-minded cinematic techniques to examine life, blends plain narration with profound dramatization, breaks with the traditional story-telling style of films, and presents human feelings, local flavor, poetic sentiments, philosophy, and other aspects on the screen with an easy grace. Rather than stopping at simply portraying the love, joy, and sorrow of individuals, it takes great pains to analyze various relationships in the rural areas during the period of transition between the old and the new as well as specific historical sentiments that are building up (that is, the inevitability of changes). We may well say that what "Life" presents to us is a long scroll about rural life painted with a unique touch.

As an artistic prototype, the images of Gao Jialin in parts one and two of "Life" are by no means in tune with each other. Some parts of the portrayal are far-fetched and contradictory. However, the image of Gao Jialin is, after all, discovered by writers and artists in the whirling currents of life when the tide of changes in the new period is rising. This discovery has aroused "resonance" in the hearts of hundreds and thousands of educated

young people in the rural areas who have high aspirations but cannot put their ability to good use and young people who are lingering at crossroads. The intensity, strength, and pulling force of this "resonance" is quite astounding. On the other hand, the film closely blends the imposing and magnificent qualities of nature on the Loess Plateau of northern Shaanxi with the beauty of human nature and human feelings on the part of the laboring people, creating an artistic picture with a unique local flavor. The vivid national style and local characteristics are simply enchanting.

This film, which depicts human feelings, local customs, and young people's love, interests, and pursuits in the "intersection" between town and country in northern Shaanxi in the early 1980's (and which is also out-and-out "rustic"), has stirred up a "Life" craze among young audiences from different cultural strata, including factories, rural areas, and universities. This shows that our cinema is moving closer and closer to life.

The artistic originality of some of the outstanding films of 1984 is that they put the characters in the whirling currents of life, artistically discover the contradictions and meanings of actual relationships, and infuse a vivid sense of the times and the beauty of life in motion to screen images. The young "self-employed" wet-nurse Gong Lingling, who has "drifted" into the city and is sensitive about the new social changes ("The Girl From Huangshan"); the female electrician Zhao Yuzhi who boldly smashes the bondage of "leftist" and feudal ideas by resolutely supporting "soldiers who have transferred to civilian work" in their efforts to set up a power-driven mill in a mountain village ("The Young Boss and the Woman Electrician"); Tao Xinger, the Shanghai woman weaver of the 1980's in "Red Dresses Are in Fashion," who is shy at first but later smashes the trammels of "orthodox concepts," and her fellow women workers; A Long, who opens a fish stall and finds new value in life through ups and downs, and his work partners in "Yamaha Fish Stall" are all-round and true-to-life screen images. From different aspects of life, these films reveal to us the changes of the times and the luminous reflections they reflect in the hearts of these characters. They bring to us vivid, rich, and "tantalizing" messages of the times! Similarly, the few "light comedies" have received an unusually good response because they take great pains to integrate the temperaments and destinies of the characters with the rolling and churning tides of the times. Ding Dasen in "Postal Marriage," Fang Xiuying in "She Is 28 Years Old This Year" and Ye Hongye in "The Black Dragonfly" all reflect from different angles the changes in people's concepts about society and life (including aesthetic mentality) during the period, and highlight the humor and wit of the new life as it surges ahead. They bring out the poetic sentiments of the times through the contrast between beauty and ugliness, a radical change from the set pattern of old films which "lectured" the audience with a straight face.

A Russian poet once said: A writer without his own style is like an arrow that has missed the target. For the arrow of art to hit the "target," one must first of all be able to see what others cannot and be good at discovering. In characterization, he must boldly project the image that he has subjectively discovered and pour distinctive personal feelings into that

image. A famous old director once said: In the 30 years and more since the founding of the PRC, basically all mainstream films have been "rigidly realistic." Their artistic structure and style basically came from the same mold and were very much the same. Very little creativity and artistic style were displayed. The revival of films during the new period is most sharply manifested in the fact that many middle-aged and young directors (including a small number of directors of the older generation who have not lost their artistic sensitivity and creative urge) are sharpening their artistic "arrows" and show courage in projecting their subjective understanding on the images they create and on the overall artistic plots of their works. They have developed their own unique artistic style because they dare to pour their personal aesthetic feelings into their films.

The pioneering significance of the film "The Girl in Red" lies in the fact that it is pure and fresh, free and easy. It has character and lingering charm and shines with the refreshing and poetic sentiments of the times. This film does not have a hair-raising plot. Neither does it offer great excitement or commercial gimmicks. It is about a girl in the first year of senior middle school who has just bid farewell to her childhood and is having her first encounters with the real world, about the fellow students in her class, about her family, and about the society that she has come into contact with. Through her mental journey before and after her final examination and the appraisal of "three goods," the film vividly depicts the shining spots and "growth rings" that the new period has engraved on the heart of Anran. It moves from small things to bigger issues and enables us to see the bigger issues from small things. Although the plot is simple, it is a kind of simplicity that embodies complexity, depth, and profundity. The reason for this is that the film has dug deeply into the actual relationships around the girl. Through different levels of comparison between beautiful and ugly, between sincerity and hypocrisy, between goodness and its distorted form (such as Anran's mother who has been "holding high the red banner" and "shouting" for 10 years and yet turns out to be someone who only "thinks of oil, salt, soy sauce, and vinegar"), it reveals the surging currents of the times below the drifts and ripples of life, the contradictions and conflicts between new and old concepts about life and morality, and the "mental conflicts" in the head of this girl who has just begun to ponder life, morality, responsibility, values, and other social problems. This film is thrilling and starts people thinking because the artist has quietly and discreetly opened up the souls of his characters. With a poetic touch, he unfolds before our eyes the intense emotional feelings of the times that flow in Anran's veins, and vividly portrays the artistic image of a new socialist person who is full of life and emotions. Lu Xiaoya [7120 1420 7161] said in "A Few Words From the Director": Tie Ning's [6993 0413] novel "A Red Shirt Without Buttons" stirs my heart. It opens up the door to the memories of my life and enkindles my thoughts and feelings. She portrays her artistic images with the absolute sincerity of an artist and sets me thinking about the past. Through her description of the 'age-old malpractices in China's past and the hardship and ups and downs experienced by people of previous generations as they grew up, she enables us to see the hopes for tomorrow: the concepts of the new generation about value judgments, morality, and life, as well as the temperament and ideals

of these people. In this way, she starts us thinking. In terms of the unique artistic style that this film strives to achieve, it has cleverly blended sentimentality and philosophy with a simple narration. It is simple without being too plain and shallow. It is simple yet purposeful (philosophical) and interesting.

The artistic maturity of "Life" finds concentrated expression in its conscious efforts to study the open-minded and many-sided artistic vision through which life is examined on the screen. The narrative of this film bears the obvious trait of "polyphony." Gao Jialin's experiences in life invariably linked, intertwined, and contrasted with Qiaozhen's fate. Gao Jialin's rise and fall from the urban and rural areas are pieced together by means of highly dramatic actions, whereas Qiaozhen's tortuous fate is pieced together by means of exquisite portrayals of sentiments and feelings. Qiaozhen's destiny smoothly blends some of the primary factors of life (including folklore factors) with characterization of a greater depth. Thus, the film can arouse people's interest in the appreciation of beauty and has won the "sympathy" of audiences from different cultural strata. Qiaozhen's image combines the traditional consciousness of Chinese women with a tinge of the antitraditional consciousness (or distinctive character) of modern village girls. Out of her frustration at being illiterate, she has "a profound inferiority complex" in the presence of educated people. Although she is sensitive about new things and has a longing for modern civilization, she cannot shake off the historical and traditional burdens and overcome her weakness of narrow vision. Although she has high aspirations, her pursuit of happiness and the meaning of life are more often than not restricted to the narrow scope of building a "cosy nest" for her family. She pursues and embraces love, work, and life with a heart as good and pure as gold. Her handling of Gao Jialin's obsession with her is shockingly tragic. The beauty and charm of Qiaozhen's image may be said to be an "obsession." Whether in the "water-well incident" when she lets Gao Jialin take her on the "love parade" through the street and the nearby villages on the back of his bicycle, or when she insists on following the old customs on her wedding day, with a "funeral march" playing as she weeps under the cover of a red scarf (Qiaozhen buries her youth and love with self-abandonment), we can see a profound social meaning and the richness of Qiaozhen's character. However, the writer-director is perhaps a bit too fond of this character, for he only touches very lightly on the actual environment in which Qiaozhen lives and some of the historical limitations. The "toothbrush incident" which is so special in the original novel is also "avoided." This inevitably results in a loss of balance in Qiaozhen's characterization.

What is so out of harmony with this artistic maturity is that on the screen in 1984 there still existed to a greater or lesser extent another "extreme" that was out of keeping with the changing times and was not artistic (or was anti-art). For example, the number of films that reflected the exciting life during present changing times was too few. Although some had reforms in factories, rural areas, and enterprises as their backdrop, on the whole they were still unable to free themselves from the pattern of using images and symbols to interpret the theme (and very superficially at that). Artistically

they were vulgar and coarse. Moreover, because of the rise of the new trend of conceptualization, or because of imprecise and biased analysis of the actual situation, impurities could still be found in works produced by great artists. We have affirmed the achievements of "Wreaths" and other films in the foregoing paragraphs, but it does not mean they are flawless. For example, the characterization of "Little Beijing" in "Wreaths" is quite weak, and the description of the relationship between Old Lei and his son (including "Little Beijing's" sacrifice because of "a stink bomb") also bears traces of conceptualizing and preaching. The realistic nature of Zhao Mengsheng's image is weakened because everything becomes perfect once he has grown up through the baptism of revolutionary wars. Jin Kailai's image is still not sufficiently well developed. Important episodes like "cutting sugarcane" and "stepping on land mines" are basically fictional, careless, and perfunctory. The playing up of emotions in scenes before the army sets out to a battle is too sentimental and depressing. The scenes fail to properly blend the solemn and stirring spirit of sacrifice with the magnanimous feeling of being sure of victory. The sense of proportion in ideology and art is by no means proper. There is an obvious gap between parts one and two of "Life." The writer has affirmed the traditional concepts represented by Grandpa Deshun without reservation. This makes the historical recommendation and moral denunciation given to Gao Jialin in the film appear self-contradictory.

What we should see is that, for some time, an unsettling wind characterized by a "money-oriented" commercialization of art has been blowing among us. Some films are particularly good at making up stories that are divorced from life. They attract the audience with "new, bizarre, and strange" plots and other stimuli. This is a perverted course. The socialist screen, by its own nature, has shaken off ideological servility and dependence on worldly things (including money and power) and enjoys the artistic dignity of being independent. In reviving the film art in the new period, we must first of all devote ourselves to emancipation of our minds, do away with the shortsighted mental state of "seeking not so much artistic merit as being free from political errors," broaden the artistic vision of the examination of life on the screen, and apply our energy to deeply exposing actual contradictions, molding images of socialist new people, and fully bringing our creativity into play in order to develop our own unique artistic style. The commercial, utilitarian, and entertainment functions of films must be subordinated to the artistic pursuit of beauty mentioned above. After all, art must have the dignity of being independent. This dignity is its quality of facing reality. Even some serious film artists of the West despise "the commercialization of art." Can our socialist films that shoulder the artistic mission of purifying and beautifying man's soul do otherwise?

We should see that Chinese moviegoers of the 1980's have already reached a fairly high standard as far as their aesthetic mentality and discerning ability are concerned. In the next 3 to 5 years, if our artists can "see the world with their own eyes" as Anran "the girl in red" does, there will be plenty of room and hope for the development of the film industry.

CSO: 4004/30

A PAINFUL CHOICE BETWEEN HUMAN FEELINGS AND PRINCIPLES--AFTER READING THE NOVELETTE 'THE RECLAIMED LAND'

Beijing RED FLAG in Chinese No 13, 1 Jul 85 p 48

[Article by Li Xia [2621 0007]]

[Text] "What should a driver do if he finds himself on the wrong road?"

"Turn back, of course!" Wei Na answered matter-of-factly.

"But then the passengers would blame him."

"That can't be helped. If he keeps going that way there is no hope of ever reaching the destination!"

"Right! You're right! It's such a simple question, yet I spent 2 whole weeks thinking about it. You must think I am a very stupid mayor."

"You're not stupid! If a person knows he's on the wrong road and still keeps going, then I would call him a real fool...."

The above is the meaningful ending to the novelette "The Reclaimed Land."
(Written by Zhang Jianjun [1728 1017 6511] and carried in DONGHAI [EAST SEA] [2639 3189] No 3, 1985)

I remember a great man once said: We must face the truth no matter how painful the truth is to us. When we discover that we have violated objective laws and made mistakes, and have to recognize our mistakes and negate a part of our past (which was publicized as an achievement at first), our esteem, our long-cultivated dignity and authority, and our perfect image as someone who is always right, are all thrust into the broiling flames of truth. But this painful crucifixion is like the fire to the phoenix--it is the only way to a new life.

Qin Daquan, the old mayor in the novelette "The Reclaimed Land," is faced with such a serious crisis. He once led 100,000-strong land reclamation army and succeeded in wrestling 200,000 mu of land from the sea after years of hard work. The reclaimed land was his life. When it was found that the reclamation project had seriously upset the ecological balance in the marshy

land, so that neither epibenthos nor crops could grow on the shoal, he still stubbornly opposed suggestions to pull down the dike. His original intention may have been pure and well-meaning. But when benighted, foolhardy action which went against the laws of science was ruthlessly jeered at by objective laws, and he still obstinately clung to his wrong course, it was something of a different nature. This mental burden which makes a person choose to save face at the expense of truth is far more terrible than ordinary ignorance.

If we say that the old mayor's heart was torn between face and truth, then what confronts the new mayor, Wei Zhenbang, is an intense battle between human feelings and principles. It is true that the negation of the reclamation project is also the negation of his past (he had also thrown much energy into the dike), but what is more important is that he is confronted with the emotional crisis of having to "betray" his patron. He cannot forget how the old mayor gave him his raincoat when he was shivering in the storm. Neither can he forget how the old mayor energetically backed up his application to study in the agricultural college. Even his promotion to the post of mayor has a lot to do with the efforts of the old mayor. But if he tries to save the face of the old mayor, he will go against principles and lose the support of the people. And if he upholds the truth, he will end up being accused of his "ingratitude." Wei Zhenbang is a new-type intellectual after all. He is sober-minded, respects science, and has the courage to face reality, cast aside his old self, and greet the new tide. Eventually he is able to shatter the bondage of the narrow-mindedness of small producers, put the people's great cause of the "four modernizations" above everything else, and make a clever choice between clinging to old mistakes and pioneering a new cause.

The masses of the reclaimed land are very lovely people. For the sake of implementing the policy of "taking grain as the key link" and completing this project which tired the people and drained the treasury, they had practically donated all they had: Forty-two precious lives; the wood "old sea god" saved for his coffin; Hai Man's dowry; even the timber in the fishermen's homes... They understood the lofty ideal of the old mayor, others in working for the benefit of the people, and plunged into the struggle to transform nature with sweet hopes for a new life. Even though they gained nothing and their livelihood went from bad to worse, they did not complain. It is precisely this complete faith on the part of the people and this precious understanding that pushes Wei Zhenbang to resolve to redress the error. But what enables Wei Zhenbang to enhance his understanding so quickly and turn his resolution to redress the error into a possibility is the spring breeze and welcome rain from the 3d Plenary Session of the 11th CPC Central Committee. The significance of this incident is that the redressing of a mistake as obvious as the reclamation project could have been so difficult. Indeed, it makes us feel how heavy the wings of reform are.

During the socialist new period when the country is well governed and the people live in harmony, it is unlikely that major political detours will appear. However, there is after all no straight road in this world. In

social changes and in our struggle against nature, minor errors and shortcomings are unavoidable. In times like these, should we try to save face and talk about human feelings, or should we stress truth and principles? This is a solemn and unavoidable question. I hope all our "drivers" will be like Wei Zhenbang and will always maintain a high sense of mission toward their "passengers."

In terms of art, the novelette also shows immaturity in certain places. For example, the artistic appeal of the story would have been stronger if the author could dig deeper into the ideological traits of Qin Daquan's character and have a more precise grasp of Wei Zhenbang's character. The artistic expression seems to lack careful polish because the author was too eager to conceptualize. We hope that in these changeable times, this young writer will quickly toughen his wings.

CSO: 4004/30

SOME OPINIONS ON A BOOK REVIEW

Beijing RED FLAG in Chinese No 13, 1 Jul 85 inside back cover

[Article by Yang Heming [2799 7729 7686]]

[Text] Editor's note: Last year we published a book review on "The Tenets of Marxist Philosophy" in Issue No 5. After its publication, Comrade Yang Heming wrote in to say that although the book has its outstanding points, it also has certain shortcomings. We passed on his letter to the editors of that book and they wrote back expressing their thanks. The following are excerpts of Yang's letter and the reply.

Letter From a Reader

Last year RED FLAG published a review on the book "The Tenets of Marxist Philosophy" (teaching materials for cadres--compiled by the Philosophy Teaching and Research Office of the Party School under the Beijing Municipal CPC Committee) on the inside back cover of Issue No 5. As the review said, this teaching material has its outstanding points. It is better aimed at the work, ideology, and work style of party and government cadres and includes things that should have been included but are absent in some of the teaching materials for universities and colleges. For example, in the chapter on category, the question of the relationship between the whole and the part is included; in the section on epistemology, investigation and study are emphasized; and in the section on historical materialism, material and spiritual civilization is discussed. However, I think that this teaching material has quite a few shortcomings, some of which are fairly serious problems, or shall we say problems that should have been treated differently in a book of this nature. For example, in the chapter on the law of the unity of opposites, the question of the "principal and secondary aspects of contradiction" is not discussed; in the discussion on the basic form of practice, no mention is made of the fact that activities to handle social relations constitute one of the basic forms of practice (the form of class struggle and that of social material production are juxtaposed in an oversimplistic way); in the discussion on everyone is equal before the law, nothing is said about whether or not truth has its class nature, but in summing up the characteristics of Marxism a general statement is made of its

distinctive class nature; with regard to integrating with reality (that is, integrating with the party's line, principles, and policies), apart from the shortcoming of being too scattered and lacking focus, there are places that are too jerky and too oversimplified. In short, I think that the good points of this teaching material are conspicuous, but so are its shortcomings. I hope that RED FLAG will let its readers say what they think while publishing book reviews.

[Signed] Yang Heming

Author's Reply

Comrade Yang Heming has given the teaching material compiled by our office his positive evaluation and has pointed out to us the shortcomings of this book. With the exception of one or two points, we intend to take the "shortcomings" into serious consideration or accept his suggestions when we put out the second edition. We welcome Comrade Yang Heming and other readers to continue to give critical comments on our teaching material. We also welcome readers to conduct discussions on problems in the teaching material.

[Signed] Philosophy Teaching and Research Office of the Party School under the Beijing Municipal CPC Central Committee

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